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NEWS SUMMARY

GENERAL

Solidarity printers stop the presses

Striking Polish printers in Solidarity, the independent trade union paralysed the *official Polish Press.*

They were protesting at the Government's attacks on Solidarity and the union's lack of access to the media.

Newspaper distributors and vendors also went on strike in support of the printers. **Page 2**

West Germany Poland's biggest official creditor urged Warsaw to seek readmission to the International Monetary Fund. **Back Page; Warsaw fails to respond to rescheduling** ***proposal*** **Page 2**

Girl's body found

Police in Northern Ireland think the body of a girl found in a lake near Hillsborough is that of Jennifer Cardy, missing for six days.

'Use health cash'

Health Secretary Dr Gerard Vaughan said Liverpool Health Authority had underspent by *almost £1m.*

Gay rights pledge

Greater London Council leader Ken Livingstone pledged support for gay rights groups and deplored what he described as police harassment of homosexual men.

Blaze deaths

A father and his four-year-old daughter died in a fire that swept through their Gateshead council house. Two firemen were injured.

Dead man named

Police named the soldier who died in Glasgow after a citizen's arrest as Anthony Desmond, who had gone absent without leave.

Carson injured

Champion jockey Willie Carson as seriously injured after a ll at York. His mount Silken not collapsed, and he suffered ractures of the skull, left wrist nd vertebrae. **Racing, Page 10**

rave 'errors'

wport Council cemetery erintendent Mr George phenson was sacked after r cases of burial in the wrong ves. He will appeal.

m raid

ders in Newry, Co. Down, ptied a 1,000-gallon vat of i in a bonded warehouse in ich they were believed to e planted a bomb.

riter's 'bad luck'

m writer and author Wolf nkowitz blamed "bad judgnt, bad management and bad k" for his £69,000 bankptcy at his public examinan.

ide turns

enchman Eric Tabarly, twice nner of the transatlantic ngle-handed yacht race got ck for 4½ hours in the aulieu river at Lymington.

uspicious smell

ix plain clothes Special Patrol roup officers with two sniffer ogs said they were from the as board when they arrived for *drugs raid on rock star Phil* ynott's house, a Kingston ourt heard. He pleaded not uilty to charges.

Briefly . . .

Flying object spotters plan a gathering in Warminster next week, hoping to sight a regular "visitor."

Princess Anne is the new Commandant in Chief of the Women's Transport Service first-aiders.

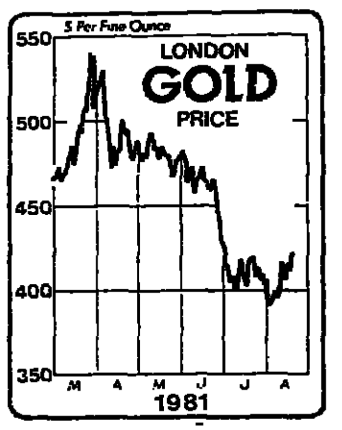
BUSINESS

Equities off 5.8; $7.5 rise for gold

● **EQUITIES receded on continued uncertainties about U.S. interest rates. The FT 30-share index fell 5.8 to 567.1. Page 26**

● **GILTS were subdued, with the Government Securities Index down 0.06 at 65.18. Page 26**

● **GOLD rose $7¼ in London to $419½, after touching a peak of $427. Page 23**



● **STERLING rose 65 points to $1.829, and closed at DM 4.5625 (DM 4.5425) and FFr 10.8450 (FFr 10.9050). Its trade-weighted index fell from 91.3 to 91.1. Page 23**

● **DOLLAR rose to DM 2.494 (DM 2.492), SwFr 2.1725 (SwFr 2.168), but fell to Y229 (Y229.75). Its trade-weighted index fell from 112.9 to 112.3. Page 23**

● **WALL STREET was 6.18 lower at 920.57 near the close. Page 24**

● **ITALY'S** gold and currency reserves fell to $48.4bn at the end of June from $59.5bn at the end of 1980. **Page 2**

● **UK's** real Gross Domestic Product fell 0.4 per cent between the first and second quarters of this year, suggesting that activity began to flatten out from late spring. **Back Page; Harrison seeks U-turn, Page 6**

● **INVESTMENT** in the U.S. by foreign manufacturers has fallen to its lowest level in four years because of uncertainty over economic prospects. **Page 4**

● **U.S. and BRITAIN** signed a memorandum providing for joint development and production of the AV-8B Advanced Harrier jump-jet **Page 5**

● **UK MERCHANT FLEET** suffered a net loss of 22 ships in June, the biggest monthly fall in tonnage for two years. **Page 6**

● **SHELL** Exploration and Production is creating 900 jobs at Fife, Scotland, through two construction contracts worth a total £40m. **Page 6**

● **BL** engineering union leaders will draw up plans tomorrow for a "substantial" pay rise, *despite the company's warning* that it may be unable to offer any rises this year. **Page 8**

● ***ALCOA****, the aluminium company,* may halt building its Portland, Australia smelter because of higher electricity charges. **Page 3**

● **DE BEERS** Consolidated Mines, the South African diamond company, reported pre-tax profits down 45 per cent to R293.5m (£170.6m) for the first half of 1981. **Back Page and Lex; Details, Page 15**

● **UNILEVER**, the Anglo-Dutch conglomerate, raised pre-tax profits from £162.3m to £203m in the second quarter of 1981, with sales up 13 per cent to £2.88bn. **Page 14; Lex, Back Page**

● **PROVIDENT LIFE** Association of London rejected the 320p per share cash bid from Winterthur Swiss Insurance. **Back Page**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Prices in pence unless otherwise indicated)

RISES			FALLS		
Bowthorpe	206	+ 9	Transport 3pc 78-88	£64	— ¼
Centreway Trust	115	+ 10	Barclays Bank	462	— 8
Friedland Doggart	106	+ 9	GKN	170	— 6
Gill & Duffus	237	+ 6	NatWest Bank	400	— 8
Macdonald Martin A	460	+ 30	Royal Insurance	410	— 7
frex	190	+ 10	Stock Conversion	360	— 8
Provident Life	338	+ 8	Wholesale Fittings	258	— 6
eckitt & Colman	302	+ 6	Willis Faber	380	— 12
harna Ware	144	+ 4	De Beers Defd.	407	— 8
ebe Gorman	190	+ 7	Peko-Wallsend	475	— 15
rdar	212	+ 8			
imrie Clothes	51	+ 5			
nilever	650	+ 25			
RGO	477	+ 33			
Imphala Plat.	455	+ 20			
Libanon	£10¾	+ 1¼			
Northgate Explo.	505	+ 15			
U.C. Invests.	650	+ 35			
West Rand Cons.	164	+ 22			
Winkelhaak	£17¾	+ 1¼			

BR losses expected to reach a record £140m this year

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

BRITISH RAIL lost £37.4m in the first half of this year and Sir Peter Parker, the chairman yesterday predicted a sharp acceleration of losses to a record £140m by the end of the year, despite plans for further cuts in services and higher train fares in the autumn.

The losses are worse than had been expected, but British Rail expects its finances will deteriorate even further if a *national rail strike goes ahead* at the end of the month as two of the rail unions have threatened.

British Rail already faces "very severe long-term financial problems," Sir Peter said. He warned the rail unions that a strike would be "disastrous for the railway community and would devastate BR's finances."

British Rail's financial performance is now on a downward spiral, although Sir Peter insisted yesterday that "our finances are not in any way out of control."

British Rail lost more in the first half of this year than in the corersponding period in 1980 in which the steel strike, pushed losses up to £24.2m.

The forecast loss of £140m for the full year is almost twice the loss of £76.9m, after interest payments and other charges, for 1980. This was the first loss in the years that Sir Peter has been chairman.

The slump in demand for rail services is a factor behind BR's poor performance, but BR has also failed to win improvements in productivity essential to make the railways more efficient, less constrained by Government spending limits and self-supporting.

These changes are vital if BR is to convince the Government that the British Railways Board is making progress to justify *further investment,* Sir Peter said. "Productivity is the rock on which a modern railway can be built, but it is also the rock on which BR could founder," he said.

The Government has linked its approval of BR schemes to more than double the amount of electrified track, at a cost of £775m over 20 years, to improvements in productivity.

BR blamed the "continuing serious effects of the national recession" for its poor performance. The slump in demand has cut revenues from rail freight and passengers by between 10 per cent and 12 per cent, "not out of line with the *current performance of British* industry," Sir Peter said.

BR has already cut costs in an attempt to counter the effects of the fall in revenue. Cuts of approximately 5 per cent in rail commuter services

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Roger Taylor

Sir Peter Parker, British Rail chairman, contemplates a question from the Press

North Sea oil price rise will follow any Saudi increase

BY RAY DAFTER IN LONDON AND RICHARD JOHNS IN GENEVA

NORTH SEA OIL producers were last night poised to raise prices by $2 to $37 (£20.30) a *barrel. As a result of a deal* with the state-owned British National Oil Corporation the producers have pledged to match "cent for cent" any price increase announced by Saudi Arabia.

A UK price rise, which could take effect later this week, would benefit the Exchequer through higher taxes but would *further hit loss-making British* refiners which depend on North Sea oil for over half of their needs.

Oil companies said yesterday that they would have to add about 2.5p a gallon to the price *of all products—including petrol* —to recover a $2 a barrel increase in crude oil costs.

As one of the world's top ten producers — *ranking alongside* Venezuela, Libya and Nigeria—the UK has much at stake at the emergency meeting of the Organisation of Petroleum Exporting Countries, which opened yesterday in Geneva, even though it is not a member of the grouping.

But it was far from certain *in Geneva last night that* Saudi Araba would raise its price in the short term. Opec delegates made only slow, tentative progress towards a reunification of world oil prices during the first sessions of their consultative meeting yesterday.

Saudi Arabia is attempting to establish a common reference price of $34 (£18.65) a barrel *related to its Arab Light crude* oil—$2 more than it currently charges and $2 less than the price charged by most of the other Opec members.

But Saudi Arabia's attempts were being jeopardised by two *factors. Venezuela continued to* refuse to countenance lowering its own reference price of $36 (£19.75), arguing that its exports had not been affected by the international oil glut.

And African members resisted proposals that would cut the price of their high-quality oil (similar to North Sea production) from the present maximum of about $40 (£21.94) to the $37 a barrel apparently considered by Saudi *Arabia to be the true market* value.

The Geneva meeting was called at the request of Nigeria which, like Libya, has been hard hit by slack demand and high Saudi output. Saudi production —around 10.3m b/d—now accounts for about half of the Opec total.

The indications are that *Nigeria, Libya and Algeria*—though loath to concede a lower price—are prepared for a deal on the basis of the maximum price that the market could bear.

Should Saudi Arabia agree to *raise its price. UK rates would* go up automatically. For the first time an increase in UK prices would not be negotiated between *BNOC*—the leading North Sea trader—and other companies.

It would also make no differ-

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Turkey's debt terms reviewed

BY DAVID TONGE

WESTERN BANKS expect to complete the rescheduling next month of $3.2bn (£1.8bn) of *bank debt which Turkey is due* to repay between 1982 and 1986, bankers involved said yesterday.

Part of this debt consists of $836m owed to some 40 banks, which have already agreed to extend the term of the debt from seven to ten years.

The rest of the debt, some $2.4bn is owed to around 260 banks. *All but five of these* banks have now accepted a similar extension to the terms of repayment.

Bankers say that *they* are now working to persuade the "laggards" and believe this should be completed by early next month. The amount on which agreement has not yet been achieved represents less than 1 per cent of the total, but many banks have made their *acceptance conditional on 100* per cent agreement being reached.

The re-scheduling is crucial for Turkey's econmic recovery and will slightly reduce the country's need for aid next eyar. *This year members of the Paris*-based Organisation for Economic Co-operation and Development pledged nearl $1bn in aid to Turkey.

Next year a financing gap on the balance of payments of *$1.5bn is currently forecast by* the government but there are indications that some Western countries may now find aid harder to provide, either because their own budgetary problems or because of concern at the record of the regime of General Kenan Evren, which *seized power elevn months ago.*

The original agreements for the $3.2bn in bank loans were signed in London in 1979 and largely represented the consolidation of existing overdrafts and short-term loans.

Original terms were seven years with three years grace at 1¾ per cent over the London inter-bank offered rate. Earlier this year Turkey, *worried about* its financing requirements for 1982, asked the banks to extend the terms and to reduce the *spread.*

The banks suggested that the terms be extended to 10 years and the grace period increased to five years.

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Pan Am plans Intercontinental Hotels sale

BY IAN HARGREAVES IN NEW YORK

PAN AMERICAN World Airways plans to *sell its profitable* Intercontinental Hotels subsidiary as part of a deal with bankers to give the company a small amount of breathing space to sort out its mounting problems.

Pan Am has been told by its banks to cancel or delay delivery of ten aircraft. The banks have put their weight behind the airline's attempts to persuade staff to take a 10 per cent wage cut.

PanAm, which incurred losses *of $217.6m in the first half of* this year, announced the outline of an agreement with a syndicate of banks which would cut the amount of *bank* credit available to the company from $462.5m to $288m.

The banks, led by Citicorp, have told Pan Am that they want the $288m of loans repaid by December 1, assuming that the sale of the hotels group goes through. Beyond that date Pan Am has no provisions for bank borrowings.

Pan Am said that a worsening debt-equity ratio had put it in violation of its agreement with its banks, but that these terms had been waived under yesterday's deal.

The company added that by the end of this month it might also be in default on the terms of its approximately $200m institutional debt.

At the end of March Pan Am had $1.35bn of long-term debt and lease obligations, compared with $691m in shareholders' equity.

The company's biggest single creditor is probably the British Government, which is in process of financing about $520m of aircraft purchases by Pan Am. This money has been lent through the *Export* Credit Guarantee Department because the Lockheed TriStar aircraft involved are fitted with Rolls-Royce engines.

Part of the deal announced yesterday involves delayed delivery of two of these aircraft, but 10 have already been delivered.

Pan Am has told Boeing that it will not take delivery of eight 727-200 aircraft, a move which will probably involve the carrier in penalty payments.

The company admitted that it was disappointed by the size of the new bank credit agreement *and the early termination date.* It said the question of whether the airline would have to go without bank borrowings after December was "a matter for speculation."

The terms extracted by the banks from Pan Am are much tighter than expected. They include securing the new $200m credit line, which will cost Pan *Am a penal ½ per cent over* Citibank's base rate, against mortgages on nine DC-10 aircraft, plus a mortgage on all shares of Intercontinental Hotels.

If Intercontinental is sold, Pan Am must repay $288m in bank loans immediately, which includes miscellaneaus amounts outside the $200m revolving credit agreed yesterday.

Pan Am said it was involved in "active negotiations" on the sale of Intercontinental, and that a proposal would be submitted "shortly" to the company's board.

MEA postpones airbus order, Page 4

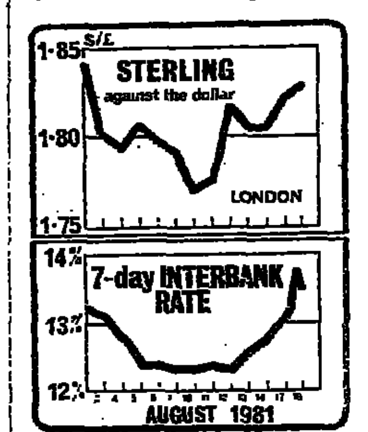
Sterling and dollar fluctuate sharply

By Peter Riddell

STERLING AND the dollar fluctuated sharply in foreign exchange markets yesterday in response to movements *in interest rates* and nervousness about the outcome of the Organisation of Petroleum Exporting Countries' meeting in Geneva.

Sterling at one stage rose to $1.8550 in London in the morning before coming back to close only 65 points up on the day at $1.8290. Similarly, the *trade-weighted index measuring* the average value of the pound against other currencies slipped 0.2 points to 91.1 after a noon *high of 91.6.*

The dollar had opened weak, continuing the Monday trend. It recovered following the start of trading in the U.S., *especially as the key Federal funds* (or interbank) rate opened around 20 per cent.



The markets are in a confused state because of uncertainties about the direction of U.S. interest rates, the level of *oil prices and about the future* deployment of Iranian funds being returned by the U.S. There has also been speculation about a realignment of currencies within the European Monetary System though the *French franc strengthened* markedly.

The oscillations of sterling partly reflected movements in domestic interest rates. Money market rates in London had risen sharply in the morning because of shortages of liquidity. This was the result of a com-

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£ in New York

	Aug. 17	Previous
Spot	$1.8245-8255	$1.7925-7950
1 month	0.80-0.87 pm	0.98-1.05 pm
3 months	2.20-2.30 pm	2.30-2.40 pm
12 months	6.30-6.50 pm	6.50-6.70 pm

Australia curbs money supply

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN Government ***yesterday unveiled a*** **package of tight monetary and fiscal controls in a budget designed to stem the inflation rate which Mr John Howard, the Treasurer, said was threatening development of** ***the economy.***

He said the Government was determined not to allow the money supply to expand to "accommodate a new round of excessive wage increases." The Government therefore intended ***to*** **keep the growth in the money supply over the next 12 months to between 10 and 11 per cent. This compares with an outcome of 12.7 per cent in 1980-81.**

He predicted that earnings ***would*** **increase by** ***13.5*** **per cent during the next 12 months while prices would increase by 10.75 per cent.**

The Government plans to cut its overall budget deficit by nearly A$1bn (£625m) to A$146m. As part of this process, Mr Howard announced an increase of 2.5 per cent in the sales tax and an extension of the tax to cover a wide range of consumer goods including clothing and footware. ***This will raise A$900m*** **in a full year.**

The Government plans to increase defence spending by 5.3 per cent in real terms to A$4.1bn.

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EUROPEAN NEWS

GOVERNMENT ATTACKS ON SOLIDARITY PROVOKE ACTION

Strike halts official Polish press

BY LESLIE COLITT IN WARSAW

STRIKING Polish printers in the Solidarity union paralysed the official Polish Press yesterday.

Printers throughout the country reacting to government attacks on Solidarity and the union's inability to respond in the media, refused to work on to-day's editions or party and government newspapers.

The Polish leadership prepared to publish an extra-ordinary "emergency" edition of the main Communist paper Trybuna Ludu on non-union presses and to have it distributed by party members. Newspaper distributors were also on strike *along with vendors.*

A Solidarity official told printers at Trybuna Ludu that their action could gain the union greater access to the media and that the situation was the most critical since the confrontation between Solidarity and the Government last March.

After occupying newspaper plants in Polish cities to prevent strike-breakers from entering the premises, the printers refused to begin work on today's editions and planned to close down tomorrow's newspapers. Solidarity printers in Krakow went on strike on Monday night and prevented the appearance of party and *government newspapers yesterday.*

The Warsaw newspaper Zycie Warszawy, which has a national circulation told readers yesterday it "regretted" it could not appear today.

Several days ago, the government made advance preparations to have Trybuna Ludu printed on presses believed to be under Polish army control. This is the first time the Communist Party and government newspapers of an East European country have been hit by a strike.

Relations between Solidarity and the government have taken a sharp turn for the worse as the government-controlled media have stepped up attacks on the union for its "obstructive" behaviour. The union claims it cannot reply to the charges aired daily on radio and television and in the Press by the authorities.

Mr Waldemar Kluczynski, an influential Solidarity adviser, said a "dangerous point" is at hand as the populace no longer believes it must exercise "self-restraint" towards the Government with the intensification of its attacks on Solidarity. He said that, until now, Poles knew they could "topple the Government" at any time, but that this was "not permitted."

Several other actions by the Polish leadership also signalled a toughening of its stance toward Solidarity. Legal proceedings were begun in Gdansk *against the Solidarity leadership* under Mr Lech Walesa for approval of a boycott by dock-workers in Gydnia who refused to load canned meats on to ships *for export.*

In another move, the prosecutor in the steel town of Stalowa Wola began legal action against workers who had put up anti-Government posters. The authorities also backed a group of 50 conservative journalists in opposition to the journalists' union, which supports Solidarity.

Herr Hans-Dietrich Genscher (left), the West German Foreign Minister, urged Poland to rejoin the International Monetary Fund when he met Mr Jozef Czyrek, his Polish counterpart (right), for talks at the south Bavarian resort of Bad Reichenhall yesterday. Such a move would "considerably increase the readineess of other countries to provide aid," he said.

Warsaw fails to respond to banks' proposals on rescheduling

BY FRANCIS GHILES

A MEETING planned for today between Polish officials and Western creditor banks has been cancelled after Poland failed to provide an answer to the banks' rescheduling proposals.

The proposals were presented four weeks ago by the task force of 21 international banks handling Poland's request for a rescheduling.

Under these proposals, 95 per cent of Polish debt to commercial banks falling due in the last nine months of this year was to have been rescheduled over seven years. An answer to these proposals was expected from Warsaw late last week but never arrived.

The meeting arranged for today at the offices of Swiss Bank Corporation in Zurich was to bring together Polish envoys and five Western banks which represent Poland's main creditor nations — the U.S., West Germany, France, Britain and Austria. A representative of Swiss Bank Corporation was to chair the meeting.

The bank has received no indication from Warsaw as to the [illegible] delay, nor the reasons for it.

There are signs meanwhile that the rift which had developed among international banks negotiating with Poland is being bridged. Mr Frederick Schwartz, senior vice-president of Bankers Trust, who had chaired the U.S. National Co-ordinating Committee of the 21-bank task force, was replaced just over two weeks ago by representatives of Bank of America and Citicorp. A Bank of America representative had chaired the Co-ordinating Committee until early June.

The latest change is the direct result of the growing unhappiness of many of the European and some U.S. banks over the "hard-nosed" approach taken by *Bankers Trust* and some other U.S. East Coast banks to the issue of rescheduling.

Bankers Trust insisted that rescheduling proposals be drafted under New York State rather than British law, a point of some concern to the European banks since their exposure *to Poland is much greater than* that of the U.S. banks. The hard-line banks also wanted Poland to provide more economic information.

Many bankers, particularly on this side of the Atlantic, are believed to have been fearful of the rift they saw developing in their ranks. They had in mind the Iran precedent and the bitter arguments which developed between European and certain U.S. banks after the freezing of Iranian assets.

The task force of 21 banks has now agreed on a three-pronged approach to Poland.

It has asked the London firm of solicitors, Coward Chance, *who are familiar with the work*ings of the Euromarket, to start drafting a rescheduling agreement. There is agreement that the New York law firm of Davis, Polk and Wardwell should act as advisers to Coward Chance. And an international committee has been appointed, composed of eight economists and *bankers and chaired by* Mr Gabriel Eischler, a senior economist at Bank of America

This committee will work on a questionnaire to be presented *to the Poles to attempt* to evaluate the country's current economic situation.

Italian reserves drop sharply

By Rupert Cornwell in Rome

THE RAPID rise of the dollar and the heavy payments deficit run by Italy in the first part of this year have combined to bring about a sharp reduction in the level of official Italian gold and currency reserves over the first half of 1981.

According to statistics released yesterday by the central bank here, total reserves were valued at $48.4bn at the end of June, compared with $59.5bn at the end of last December.

Half the decline is accounted for by a write-down in the worth of the country's gold stock—although unvaried in quantity—to $31.1bn from $36.7bn over the period. This movement reflects the steep drop in the free market gold price in recent months.

The second important contributor to the reserves' fall is a decline in the Bank of Italy's convertible currency holdings to $7.1bn from $10.9bn over the six-month period. The worsening is a direct consequence of the exchange market interventions carried out by the Bank to shore up the lira.

Most experts expect, however, that the reserves position will *show a useful improvement* over the third quarter of this year. The lira has been relatively strong against other European currencies, while the 30 per cent import deposit scheme and a surge in tourist receipts have pushed the balance of payments substantially into the black.

In the main, the current account deficit, which might reach $11bn or $12bn in 1981 will be financed by recourse to Euromarket borrowings. Italy was a heavy borrower in the first part of the year and is expected to make further recourse to the market as needed in the remaining months.

The most welcome development of all, however, would be a fall in the dollar. This would cut the cost of the country's raw material imports and allow the lira to drop back against the other EMS currencies, which represent Italy's main competitor nations.

Flashback to last year's attempt to right the capsized hotel platform, Alexander Kielland. Those efforts, partially successful, were later abandoned.

Salvage of Kielland may be abandoned

BY FAY GJESTER IN OSLO

PLANS TO salvage the wrecked hotel platform Alexander Kielland, which has been lying upside down in the Norwegian *port of Stavanger for more than* a year, may have to be shelved because it is in worse shape than previously believed. Underwater television pictures show that there are large cracks in its deck and struts.

The Government has refused, for the time being, to finance preparations for a second attempt to right the platform. The operation is now expected to cost $20m (£11m), compared with earlier estimates of $17m.

The insurers who financed last year's $11.5m attempt to right the platform are unwilling to spend more on the wreck. With charter rates for mobile platforms now easing, they no longer believe there is any chance of recouping salvage costs by having it repaired and returned to service.

When the Kielland lost a leg and turned turtle in a North Sea storm in March last year, 123 workers died. Thirty-five bodies are believed still to be inside the structure, and relatives have urged the Government to fund the salvage so that they can be recovered.

Mr Kari Gjesteby, the Minister of Shipping, says no money can be allocated until after the *general elections on September* 14, when the new Storting (parliament) will reconsider the salvage in the light of the Government's recommendations.

These, in turn, will depend on the advice the Government receives from Den Norske Veritas, the Norwegian insurance organisation, which has *been studying the salvage plans* and is due to produce a report soon. The Government will also consult an independent committee of experts which it *appointed last year, after the* first salvage attempt failed.

Meanwhile, Norwegian shipbrokers are predicting a steep fall in charter rates for off-shore *supply vessels next year,* as a result of over-ordering of new ships. Norwegian owners have ordered more than 60 supply boats from yards in Norway and abroad, all due for delivery within 2½ years. The market, which has recently offered very favourable rates to supply boat owners, is said to be too small to absorb the new vessels.

Some companies which have recently ordered supply vessels —like Wilhelmsen Offshore Services (WOS), a member of Norway's Wilhelmsen shipping group—have secured charters for them in advance. This will make it harder for small businesses, which have ordered ships speculatively to find *employment for them.*

Soviet call for neutron arms pact

GENEVA — The Soviet *Union yesterday called for the* Geneva disarmament conference to begin work immediately on a treaty outlawing neutron weapons.

Mr Victor Issraelyan, the chief Soviet delegate said the 40-nation committee on disarmament could not stand aside from this issue following a decision by the U.S. last week to begin stockpiling neutron weapons.

This decision, he said, in many respects created a new situation in the arms race and disarmament. In no way could it serve as an appropriate overture to negotiations on nuclear armaments in Europe. For Washington to believe it would be able to strengthen its position at the proposed Soviet-U.S. negotiations was a profound fallacy.

He called for the immediate establishment of a working group to draft an international convention banning production, stockpiling, deployment and use of neutron weapons. A draft submitted by a group of East European countries three years ago could be a basis

Mr Charles Flowerce, the U.S. delegate, last week accused the Soviet Union of assigning nuclear weapons a central role in military planing. He quoted a Soviet major-general as saying that Soviet military doctrine allocated "the decisive role in contemporary war to nuclear missile weapons."

In contrast, U.S. strategic policy was designed to convince potential enemies that they could not profit from *nuclear conflict.*

Albanians jailed

A former militiaman and six other ethnic Albanians were jailed yesterday for between seven and 15 years for organising last spring's bloody riots in the southern Yugoslav province of Kosovo, according to Tanjug, the official news agency, AP reports from Belgrade. At least nine people were killed and over 250 injured during the riots last March and April when ethnic Albanians demanded a separate republic for Kosovo and its union with Albania.

Iraq may ask France to replace reactor

BY DAVID WHITE IN PARIS

IRAQ IS expected to ask the French Government today for a nuclear research reactor to *replace the one destroyed by* the Israeli air force on June 7.

The request is seen as the prime motive behind the visit to Paris of Mr Tarek Aziz, Iraqi Vice-Premier, *who is due to* meet President Francois Mitterrand and several ministers.

M Claude Cheysson, the French Foreign Minister, has *indicated that France would be* willing to participate in reconstruction of the research centre outside Baghdad, but that it would seek much stricter safeguards

The Iraqis have let it be known that a refusal by France to go ahead with reconstruction, which Saudi Arabia has offered to pay for, would call into question other areas of Franco-Iraqi economic co-operation. This *would be very damaging* for France, since Iraq provides one of its most important Middle East export markets and—until its war with Iran — its second *largest source of oil.*

The Vice-Premier's visit is the first top-level contact since President Mitterrand's election in May.

The French are in a delicate position, particularly in the light of President Saddam Hussein's declarations after the Israeli raid, in which he appealed for assistance in order to build an Arab bomb.

The French attitude is that any developing country, including Iraq, should be entitled to have access to nuclear technology, on the condition that maximum guarantees are enforced.

The 1975 deal between France and Iraq was subject to supervision by the Vienna-based International Atomic Energy Agency. At the time of the bombardment, the agency was planning to step up its checks at the Temmuz site, where the French-supplied 70 Mw Osirak reactor was due to go on stream shortly.

The question is whether the Iraqis will accept the additional *safeguards which the French* have insisted on.

In 1979, when part of the Osirak reactor was sabotaged in the south of France, the *Giscard Government failed to* persuade Baghdad to accept a different reactor which used less highly enriched "caramel" fuel.

Sweden's jobless at record

By Westerly Christner in Stockholm

UNEMPLOYMENT in Sweden reached a record high level in July, with 104,000 people out of work, according to the Central Bureau of Statistics. This is 24,000 more than in the same month last year.

About half the unemployed are between the ages of 16 and 24.

At the same time, the number of jobs available dropped to 20,300 from 25,100 in July last year.

Commenting on the figures yesterday, Mr Ingemar Eliasson, *the Labour Minister,* said the country's labour market "is heading towards very troubled times this autumn and winter."

Sweden's engineering industry, meanwhile, can expect profits to continue on the down-ward trend established last year, according to a study released yesterday by VF, the engineering employers' association.

The most pronounced fall in profitability last year took place among companies with more than 500 employees, said Mr Ake Nordlander, managing director of VF.

A third of 330 concerns polled reported a loss on operations last year, he said. The industry's return on own capital fell to 7.2 per cent in 1980 from 8.2 per cent the previous year. The earnings margin decreased to 4.3 per cent last year from 4.8 *per cent in 1979.*

Desire for re-unification still burns brightly in West Germany

BY JONATHAN CARR IN BONN

THE NUMBER of West Germans who want to see Germany reunited has risen slightly over the past few years, although few believe that their wish will be realised.

This emerges from a poll by the respected Allensbach opinion research institute which also indicates that the public's memories of the building of the Berlin Wall are not being dimmed by the passage of time.

The institute's findings appear to contradict the often-accepted hypothesis that West Germans *care less and less about reunification.* Not surprisingly, however, the young see the issue as less important than do the old.

Allensbach says that in January 1976 and in July this year it put the same question to a representative sample of *West Germans in the federal* republic and West Berlin: "Do you greatly desire reunification, or is the matter not very important to you?"

Five years ago 60 per cent of those questioned said they wanted reunification and 36 per cent were lukewarm about it. This July, the results were 62 per cent and 32 per cent respectively.

No less than three quarters of those aged 60 or over still *want reunification, while just 44* per cent of those between 16 and 29 have the same desire. Even the latter figure seems surprisingly high in view of the lack of interest in the topic often ascribed to the young.

Asked whether they felt reunification would happen, 62 *per cent of those questioned in* July said they did not, against 65 per cent five years ago. The number of those who believed in reunification remained con*stant at only 13 per cent over* the same period, while the number of those in doubt increased.

As to the building of the Berlin Wall, the question put was: "On August 13, 1961, something important happened in Germany. Can you remember what it was?" Five years ago, 45 per cent gave the correct answer: this year the figure had risen to 52 per cent. In this case, 44 per cent of the 16 to 29-year-olds, and 51 per cent of the over 60s gave the right answer.

Swiss growth 'will slow'

By John Wicks in Zurich

SWISS economic growth is expected to slow from about 3 per cent a year in 1980 to about 1.5 per cent this year, according to the Union Bank of Switzerland.

The bank claims in a forecast that the country's economy *peaked during the first half and* will weaken further in the second half.

The UBS forecast says that recessionary trends on foreign *markets are having an increasing* impact on Swiss exports. At the same time, the past few months showed a deceleration in domestic demand.

Although this remains low, the bank believes investment in buildings and capital equipment will rise by about 3 per cent each in real terms, compared with 1980 rates of 7 and 8 per cent.

POLL TO BE HELD ON EEC LINK

Greenlanders show disenchantment

BY HILARY BARNES IN COPENHAGEN

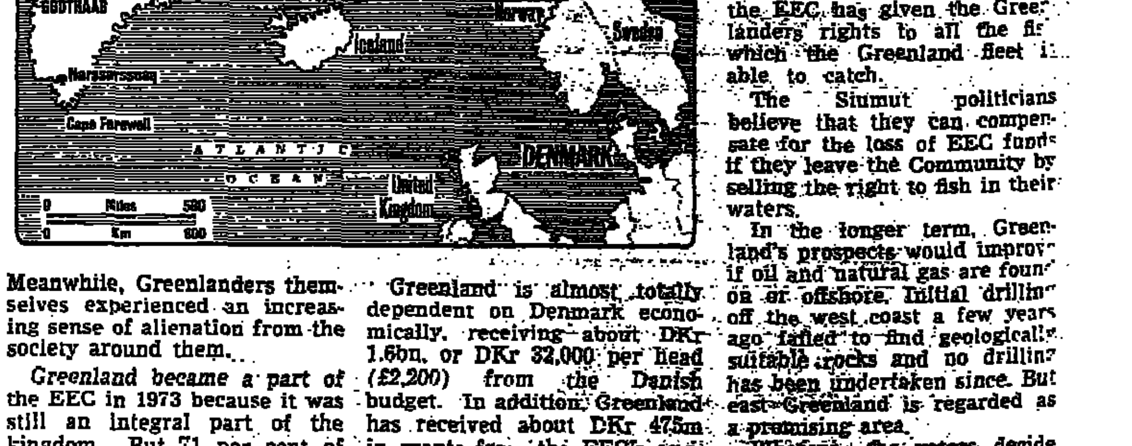
GREENLAND'S *50,000 people* are disenchanted with their membership of the EEC. Although they have been part of the Community since Denmark joined in 1973—and despite the fact that Greenland receives substantial grants from the EEC—they are expected to vote to pull out in a forthcoming referendum.

The visitor does not need to spend many hours in Greenland to understand why the people do not identify their interests with those of Europe.

In a land which is more than 80 per cent covered in snow and ice, the populace is a mixture of European and Eskimo. Their language is Greenlandic, their country *is far removed* from the European mainland and they feel more in common with the Eskimoes of Canada.

For some 200 years until 1953, *Greenland was a Danish colony.* In that year it became an integral part of Denmark, and in the following years it has undergone a rapid change, from a primitive hunting and fishing society to a modern state.

This development brought rising living standards but also social problems, reflected in the society's serious drinking problems and high rate of venereal disease. The development was undertaken on behalf of the Greenlanders by Danish personnel—from doctors and teachers to skilled workers.



Meanwhile, Greenlanders themselves experienced an increasing sense of alienation from the society around them.

Greenland became a part of the EEC in 1973 because it was still an integral part of the kingdom. But 71 per cent of Greenlanders voted against membership in the Danish referendum on membership in 1972. The anti-EEC Siumut Party, which has governed Greenland since home rule, is now seeking a status for Greenland similar to that of the Faroe Islands. The Faroes already had home rule and were allowed to decide against joining in 1973.

But there are important differences between Greenland and the Faroes. The Faroes have a working economy based on fish. The Greenlanders do not.

Greenland is almost totally dependent on Denmark economically, receiving about DKr 1.6bn, or DKr 32,000 per head (£2,200) from the Danish budget. In addition, Greenland has received about DKr 475m in grants from the EEC's agricultural, social and regional funds since 1973, DKr 165m in other forms of support from the EEC and DKr 330m in loans from the European Investment Bank.

Greenland's own production of tradeable goods consists almost entirely of fish, which account for about 55 per cent of exports, and lead and zinc accounting for another 40 per cent. Some 70 per cent of the fish is exported to EEC countries (40 per cent to Denmark).

Fish will be the over-riding issue in the referendum campaign. Greenlanders resent the fact that they have only a 12-mile exclusive fishing zone around the coast. In practice the EEC has given the Greenlanders rights to all the fish which the Greenland fleet is able to catch.

The Siumut politicians believe that they can compensate for the loss of EEC funds if they leave the Community by selling the right to fish in their waters.

In the longer term, Greenland's prospects would improve if oil and natural gas are found on or offshore. Initial drilling off the west coast a few years ago failed to find geologically suitable rocks and no drilling has been undertaken since. But east Greenland is regarded as a promising area.

Whatever the voters decide in next February's referendum, Denmark and its partners in Europe will not wish to see Greenland becoming more susceptible to economic offers from the Soviet Union.

The large U.S. air base at Thule in northern Greenland is an integral part of Nato defences. The West will therefore want to keep Greenland in its orbit.

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Captured Iranian gunboat taken into Marseilles

BY DAVID WHITE IN PARIS

THE ODYSSEY of the Iranian gunboat captured last Thursday off southern Spain ended yesterday in the port of Marseilles amid confusion about the diplomatic consequences.

The sighting of the gunboat Tabarzin off the French coast early yesterday afternoon came as a complete surprise. The vessel was believed to be somewhere in the Atlantic.

The 250-tonne vessel, one of three fast missile-carrying Commandante IIs which France handed over to the Iranian navy at the beginning of the month, was last sighted in Casablanca, Morocco, where it forced its way in on Saturday to take on fuel and provisions.

Azadegan, the Paris-based Iranian monarchist group which claimed responsibility for the boat's capture, at first denied it was in French territorial waters.

A helicopter and two French naval vessels were sent to meet it. After negotiations with the authorities, about 12 men were taken aboard inflatable dinghies into Marseilles harbour.

The gunboat was later escorted into the port after spending several hours about a mile off the coast.

The identity of the men taken off the gunboat was not revealed. Some were reported to have been transferred to a French navy cruiser.

Their arrival complicates France's position regarding Iran. The action against the vessel provoked further verbal attacks against Paris by Iranian leaders, already angered by the asylum granted to Mr Abelhassen Bani-Sadr, the former President, and Mr Massoud Rajavi, the left-wing opposition leader.

Since the successful evacuation of most of the French community in Tehran, Mr Bani-Sadr has been allowed to resume political declarations against the Khomeini regime.

Reuter adds: Mr Hosein Mousavi, the Iranian Foreign Minister, yesterday accused Morocco of involvement in the hijacking of the gunboat.

He said: "This ship has been hijacked with the help of the Moroccan Government and Morocco has direct responsibility and should accept the consequences."

Iran has no diplomatic relations with Morocco, which offered the late Shah his first refuge after he fled Iran during the Islamic revolution.

Alcoa may halt Australian smelter over higher electricity costs

BY ROY HODSON

ALCOA, the world's largest aluminium company, may halt construction on its A$1bn (£625m) smelter project at Portland in Victoria, Australia, because of increased electricity charges. The move indicates how rising costs and poor world markets are troubling the Australian aluminium development programme.

Mr Arvi Parbo, chairman of Alcoa Australia, said in Melbourne yesterday that a 33 per cent electricity tariff increase for smelter power announced by the state of Victoria had forced the group to reassess whether the smelter should go ahead.

Some A$70m has been spent already building the first of four production units each of 132,000 annual tonnes capacity.

The electricity price increase would raise the smelter's annual power costs by about A$36m a year, said Mr Parbo. When asked whether the project—one of the biggest single industrial investments made in Australia—may be axed, he said. "If the alternative is to proceed with a plant that is going to operate at a loss, then there is no real alternative."

Alcoa's reassessment is the second setback in less than a month to Australia's programme to smelt 2m tonnes of aluminium annually by the end of the 1980s. Alcan said on August 7 it had postponed indefinitely plans for a 300,000-tonnes-a-year smelter in Queensland.

There have been rumours of other potential investors in Australian smelters having second thoughts because of disagreements with state governments over electricity costs.

International producers have been badly shaken recently by the fall in demand caused by the recession for aluminium and fabricated products. Non-Communist countries produced slightly less aluminium in June than a year ago, according to the International Primary Aluminium Institute.

Unsold stocks of aluminium are at their highest levels for years. The industry had budgeted for up to 3.5 per cent annual growth.

The companies planned a number of smelters in Australia on the assumption that electricity costs from new power stations burning the country's abundant and cheaply-mined coal would be among the lowest in the world.

However, price estimates have risen as the states calculated the costs of providing the quantities of power needed.

The states are finding the financing of power more difficult and expensive since Mr Malcolm Fraser, the Prime Minister, last month cut federal support for infrastructure projects.

Khomeini reassures followers

By Terry Povey in Tehran

AYATOLLAH KHOMEINI yesterday appealed to his followers not to be over-concerned at the terrorist campaign by radical opposition groups. "Even if I am killed, the people will continue and the nation will be secure," he said on the state radio.

The Ayatollah, comparing security in Iran with that in the U.S., said: "In the U.S., one or two people are killed every minute, but nevertheless America stays put. Even if your President is killed, do not fear that this will be a great disaster for any one of you could be president and someone would take his place. Even if the terrorists kill a few people, then the nation should not fear that this would lead to our defeat."

The violent opposition campaign led by the radical People's Mojahedin organisation continued with reports that in incidents across the country 11 supporters of the regime had been assassinated and eight injured.

The authorities continued their attempt to quash the opposition with fresh arrests and executions of those found guilty of armed attacks.

Figures given yesterday for non-oil exports during the last year (March 21 1980 to March 20 1981) indicated the scale of the run-down of domestic industries. A total of 229,000 tons of goods was exported worth IR 51bn (£342m), compared with 885,000 tons valued at IR 56bn in the previous year.

CANBERRA'S BUDGET DETAILS

Tight control of money supply is linchpin of Fraser's strategy

BY PATRICIA NEWBY IN CANBERRA

TIGHT CONTROL of the money supply emerged in Australia's Budget as the linchpin in the Fraser Government's strategy for controlling the inflation rate and encouraging the incipent resources boom.

The Government has overshot targets for containing money supply growth for the past four years, but last night's budget speech emphasised a commitment to holding growth in M3, the broad-based money supply, to below 11 per cent for the financial year to June 30, 1982.

Mr John Howard, the Treasurer, told Parliament that the Government was determined not to allow money supply to expand to "accommodate a new round of excessive wage increases."

In the past 12 months money supply grew by 12.7 per cent in spite of a government target of between 9 and 11 per cent.

Other points in the Budget were:

- A proposed reduction of A$1bn (£625m) in the overall budget deficit to A$149m. Excluding overseas transactions, a surplus of A$1.5bn is anticipated. This compares with last year's surplus of A$400m.
- An increase in outlays in 1981-82 to A$40.8bn—up 12.6 per cent in money terms and 2 per cent in real terms.
- A shift to indirect taxes with the increase of 2.5 per cent on the sales tax and the introduction of a 2.5 per cent sales tax on a wide range of previously exempt consumer goods including clothing, footwear, soft furnishings and building materials.
- An 18 per cent increase in foreign aid in money terms and an end to the assisted passage scheme for migrants, although the number of immigrants is expected to increase to 120,000, compared with last year's 110,000.
- Defence spending to be increased to A$4bn, representing a 5.3 per cent increase in real terms and reflecting the Government's commitment to lift defence expenditure to 3 per cent of gross national product by 1985.

Mr John Howard, the Treasurer: determined.

Israelis cool over F-16s

BY DAVID LENNON IN TEL AVIV

ISRAEL refrained from official reaction yesterday to President Reagan's decision to lift the embargo on the delivery of 16 advanced fighter planes to Israel. The embargo covering 14 F-16s and two F-15s was imposed after the air strikes on the Iraqi nuclear reactor and Palestine Liberation Organisation headquarters in Beirut.

Privately, officials reacted coolly, and expressed resentment that the embargo was imposed at all.

In Jerusalem, officials referred inquirers to Sunday's statement by Mr Menahem Begin, the Prime Minister, that the release of the aircraft meant the U.S. President was righting a wrong done to Israel.

They denied any new undertaking by the Government regarding the future use of U.S.-made war aircraft. Israel had only used the aircraft for defence purposes, the condition under which Washington agreed to sell the aircraft.

The delayed aircraft are expected to begin arriving next week, with all of them delivered within a month.

The delay has upset the timetable for replacing with the new aircraft the Phantoms and Skyhawks that have been in service for more than a decade.

Sri Lanka quiet after emergency

BY MERVYN DE SILVA IN COLOMBO

THE STATE of emergency introduced throughout Sri Lanka on Monday night to quell ethnic violence appeared yesterday to be succeeding.

There were no "serious incidents" up to 6 pm, the Defence Ministry said.

The Indian High Commission said several hundred "Indian Tamils" had asked for refuge and assistance. Some are housed in a Hindu temple in the city.

Unlike last week's scattered mob atacks on Sri Lankan Tamils, the new victims are Indian Tamil small traders, plantation workers and those running bazaars in small towns encircling the plantation belt.

In a statement to representatives of opposition parties, trade unions and civil rights organisations, Mr S. Sellasamy, secretary of the Ceylon Workers' Congress, the largest plantation union, said more than 10,000 had fled their homes in fear.

President Jayawardene has appointed five high-ranking army officers as security co-ordinators in the most disturbed areas.

The state of emergency makes arson and looting punishable by death.

Nearly 1m Indian Tamils are now Sri Lankan citizens, but several hundred thousand await repatriation under two agreements signed by Colombo and new Delhi. The attacks on plantation labour is bound to draw an angry reaction from India.

Police said yesterday morning there had been seven deaths, 196 cases of arson and 35 incidents of large-scale looting. The number killed is thought to be at least double the official figure.

The casualties have been Sri Lankan Tamils

Japan's gold imports rise

TOKYO—Japan's gold imports, excluding coins, rose to 26.5 tonnes last month from 11.4 tonnes in June, according to trade statistics issued by the Finance Ministry. The increase was spured by a decline in world prices and by demand in Japan.

Imports in the first seven months of this year were 88.1 tonnes, worth $1.33bn (£729m), about five times higher than the 17.3 tonnes worth $290m in the same period last year.

The imports, about 70 per cent of which are gold ingot bars, came mainly from the UK, Switzerland, Hong Kong and the Soviet Union.

Ministry officials said they believe imports this year will top the record 128 tonnes in 1976 when gold imports were decontrolled. Last year the figure was 31.8 tonnes.

Gold market observers said 143 tonnes were traded domestically last year, about 40 per cent of which went to individuals for investment or saving. The rise in individual purchases has boosted imports.

Gold coin imports in the first half of the year rose to 2.6 tonnes worth $43.7m, more than 10 times those in the same period last year.

Reuter

'Cost no object' in nuclear build-up

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

President Reagan is determined to rebuild U.S. strategic nuclear forces, virtually regardless of cost, according to his top White House aidse.

The Presidential team yesterday emphatically countered suggestions that higher-than-expected budget deficits would eat into spending on what Mr Reagan regards as a supreme national priority—the restoration of U.S. strategic nuclear superiority over the Soviet Union by the end of the decade.

Mr Edwin Meese, the President's senior policy adviser, stressed that "strategic decisions will be based upon the strategic needs of our defence capabilities and not upon fiscal decisions." While admitting that fiscal decisions were not "totally precluded" as an influence, they would not be "the driving force," he said.

Mr Meese's remarks came after Mr Reagan began a thorough review of the nation's defences at a special meeting of his National Security Council in Los Angeles on Monday.

Mr Reagan would announce major decisions on the strategic build-up within three to five weeks, Mr ...Meese said. These include a politically sensitive decision on the basing of the new MX mobile intercontinental missile, production plans for the B-1 strategic bomber cancelled by President Carter, and other decisions on the Trident submarine missile force and the armed forces' command and control system.

The decisions are intended to embody the latest U.S. defence doctrine of "deterrence through survivability," meaning that a first strike by the Soviet Union would not be able to prevent massive retaliation by the U.S. It is based on the conclusion, sometimes contested, that the present U.S. Minuteman land-based missile force could be almost entirely wiped out by a pre-emptive Soviet attack.

Nevertheless, the search for further budgetary cuts has become more urgent following the latest predictions that next year's budget deficit could be as much as $20bn (£11m), more than the $42.5bn Mr Reagan was originally aiming at.

Mr Reagan had another meeting in Los Angeles yesetrday, this time with Mr Donald Regan, the Treasury Secretary, and Mr David Stockman, the Budget Director, to see where the cuts could be found.

Japanese asked to review fruit threat

By Our U.S. Editor in Washington

THE U.S. has asked Japan to reconsider its request for export restrictions on all California fresh fruit and vegetables following the outbreak of the Mediterranean fruit fly on the west coast.

Urgent contacts between Washington and Tokyo were continuing yesterday to try to solve the problem before a midnight deadline set by the Japanese, who are determined to stop the fly invading their country. South Korea and Taiwan—both smaller importers than Japan—have slapped a virtually total ban on Californian produce.

The difficulty with Japan's request for voluntary U.S. restrictions is that it applies to the whole of California, not just areas affected by the Medfly. U.S. officials say the infested areas are only a tiny proportion of the state, and that it would in any case be impossible to treat all Californian produce before shipment, as the Japanese are demanding.

Japan is by far the largest foreign buyer of Californian fruit and vegetables. Mexico, the Bahamas and Barbados have all introduced restrictions against California fruit and vegetables, but only against produce from the areas officially quarantined by the U.S. authorities.

U.S. officials say the helicopter spraying against the fly is now back on schedule, after serious delays last month when the campaign started. The fly is for the time being contained in a small area of the rich 400-mile long San Joaquin Valley. But experts warned that it would be too optimistic to believe that it will not strike elsewhere.

AP adds from Patterson, California: Farmers in the San Joaquin Valley have launched their own pesticide-spraying aircraft against the fly, and State officials said yesterday a quarantine on the area would last at least 140 days.

Despite the 264-square-mile quarantine aimed at protecting the state's $14bn-a-year agriculture industry, Mr Hugh Sinclair, Stanislaus County agriculture commissioner, said produce shipments appeared "pretty much normal right now."

California officials said they expected to save most of the San Jaoquin Valley's tomato crop because it is ready to be processed.

Liberals defeated in Canada poll

By Our Correspondent in Toronto

VOTERS' unhappiness with the Federal Government's handling of the Canadian economy is being cited as the reason for the defeat of candidates from the ruling Liberal party in two by-elections on Monday.

The most unexpected defeat occurred in the central Toronto constituency of Spadina, which has been described as the safest Liberal seat outside Quebec. The Liberal candidate, Mr James Coutts, resigned as principal secretary to Mr Pierre Trudeau, the Prime Minister, to run in the by-election that was called after the sitting Liberal MP was elevated to the Senate.

Mr Coutts was defeated by Mr Dan Heat of the Socialist New Democratic Party. An Anglican Church minister and former factory worker, he said he was aided in his victory by Mr Coutts's refusal to debate national issues such as the rate of inflation and high interest rates.

In the week before the election, figures were released indicating that the consumer price index in July was 13 per cent higher than a year earlier. Bank's prime lending rate stood at a record 22¾ per cent.

In the Quebec constituency of Joliette, the by-election was won by the former MP, Mr Roch Lasalle of the Progressive Conservative Party, who had resigned his seat to run in the provincial election earlier this year.

Mr Lasalle remains the only non-Liberal MP from Quebec. He too campaigned vigorously on the issues of inflation and high interest rates.

Chile's trade deficit rises tenfold

BY MARY HELEN SPOONER IN SANTIAGO

CHILE'S TRADE deficit showed a more than tenfold increase during the first six months of this year compared with the same period in 1980.

The deficit, according to figures released by the central bank, was U.S.$1.53bn (£838.2m) up from $129.4m recorded in the first half of last year. Chile imported $3.56bn in goods but exported only $2.03bn.

Declining prices for such minerals as copper, which makes up about half of Chile's exports, and increased purchases of consumer goods such as cars, have accounted for much of the increase in the trade deficit. The value of Chilean minerals exports, which include copper, molybdenum, gold and silver, declined by 23 per cent during this period.

The 41 per cent increase in Chilean imports included a rise in consumer goods imports from $876m to $1.02bn. Car imports increased by 236 per cent, while capital goods imports increased by 56 per cent.

Significantly, Chile reduced its oil imports by 16 per cent during the first half of this year, as growing domestic production supplied more of the country's needs.

Chile's foreign reserves are reported at $3.9bn, and central bank officials say this is enough to cover the trade deficit.

Visa moves to combat card fraud

BY DAVID LASCELLES IN NEW YORK

VISA, one of the leading U.S. credit card franchises, yesterday announced a computer-based system to combat credit card fraud, which it says is costing the industry about $1bn (£548m) a year.

The new scheme uses a number of regional computer charge authorisation centres which merchants can consult by means of electronic terminals linked up by telephone lines. The terminals "read" the acount holder's number on the magnetic strip on the card, and relay information about the purchase to the computer centre, which is programmed to authorise or decline it, using information supplied by the bank which issued the card.

The process is completely automatic and takes only a few seconds. Although several card issuers have already installed local authorisation services, this is the first concerted attempt by a card franchise to put together a unified system.

Mr David Heumer, Visa's senior vice-president for operations, said yesterday that 40 card issuers have pledged to tie a minimum 200 merchants into the system, and that about 10,000 outlets would be tied in by the busy Christmas season this year. By October 1982, he hoped that 130,000 terminals would be installed. Eventually the system would be extended abroad, he said.

Merchant pay about $20-30 a month to rent the terminals. But Visa claims the cost will be offset by reduced fraud losses. Visa members in the U.S. lost about $400m through fraud last year, Mr Huemer said.

At the moment, authorisation for charges is largely up to the individual merchant. Some telephone a central processing centre, some are linked up electronically to their banks, while others rely only on an inadequately distributed list of stolen or lost cards.

Mr Huemer said the Visa network could eventually be used for other purposes, such as cheque guarantee, or direct deposit. Other credit or charge cards, like Diners Club and American Express, are involved in the pilot programme, he said.

● Personal income in the U.S. in July increased a seasonally-adjusted 1.6 per cent over June, largely as a result of cost-of-living increases in social security payments, the U.S. Commerce Department said yesterday, AP-DJ reports from Washington. Personal income rose $37bn last month after rising 0.7 per cent, or $16.6bn in June. Te Department said that $17.7bn of the July increase reflected a jump in federal transfer payments mostly resulting from an 11.2 per cent cost-of-living adjustment in social security and other benefit programmes. Personal consumption expenditures in July increased 1.2 per cent, or $21.4bn, to an adjusted $1.865bn annual rate. These expenditures had increased 0.9 per cent, or $15.9bn, in June to $1.844bn.

Burning issues in Reagan's energy policy

BY PAUL BETTS IN NEW YORK

THE REAGAN Administration now appears to be putting the finishing touches to a broad energy programme involving such controversial issues as the decontrol of domestic natural gas prices and the easing of government regulations to encourage the development of nuclear power.

The government has already indicated it proposes to speed up the decontrol of domestic gas prices despite fierce opposition from consumer groups and gas using utilities.

At the same time, in a draft statement released over the weekend by the White House Office of Science and Technology policy, the Administration has said it plans major changes in current federal policies delaying the construction of new nuclear power plants.

But in contrast to the controversy over gas decontrol, the main objections to the government's proposed new nuclear policy is coming from the nuclear industry itself.

The industry regards the proposed Reagan changes in nuclear policy as little more than wishful thinking since it does not appear, at this stage at least, to address the specific problems which have bedevilled the nuclear industry in the past three years.

The main issue is the Three Mile Island nuclear accident at Harrisburg in Pennsylvania two and a half years ago. But so far President Reagan has made no specific reference to the nuclear accident which virtually sent the entire U.S. nuclear industry into a state of coma.

The statement by the Office of Science and Technology policy says that nuclear power "has become severely handicapped in the last decade by a morass of federal obstacles, including unnecessary regulations that do not enhance safety but cause extensive licensing delays and economic uncertainties."

To boost the industry, the Reagan administration proposes to remove some of the so-called bureaucratic obstacles preventing the construction of new nuclear plants, the development of the fast breeder reactors and the removal of the current ban on the commercial reprocessing of spent reactor fuel.

But the statement does not address the key issue of Three Mile Island. The industry, for its part, has repeatedly said that until the $1bn clean-up of the crippled plant is completed, with support from the U.S. Government, Three Mile Island is likely to remain a major obstacle to renewed development in the U.S. nuclear industry.

At the same time, the industry also points out that utilities, still uncertain about the future of nuclear power, have also slowed down capital investment projects because of the slower than anticipated increase in the nation's electricity demand.

Nonetheless, the statement is the first important signal of the Reagan administration's intentions of developing a new nuclear policy along the lines of the President's commitment to nuclear power during his election campaign last year.

In the same way, President Reagan appears intent on speeding up the current timetable for the decontrol of domestic gas prices—a move which is likely to create much greater political opposition than his decision to lift remaining price controls on oil earlier this year.

But while the Reagan Administration now appears to be moving more boldly in its natural gas and nuclear policies, it has been back tracking on its earlier attempts to release more federally controlled areas in the country's outer continental shelf for offshore oil and gas development.

This follows challenges in Californian courts blocking earlier attempts by the Government to offer for sale leases in the Californian outer continental shelf. As a result of these successful court challenges, the Government has indicated it may shelve for the time being a number of proposed offshore lease sales.

In another apparent change in its original energy policy, the Administration also appears to have softened its stance on synthetic fuel projects. Unlike the Carter Administration, which sought strongly to promote synfuel projects by the creation of the Synthetic Fuels Corporation, President Reagan has up to now expressed mixed feelings on granting Government support to a series of major billion dollar synfuel ventures.

The unacceptable face of nuclear power—four of the cooling towers at Three Mile Island

But in the last two weeks, the Government has agreed to grant federal loan guarantees for a number of major projects including $2bn in guarantees for a coal gasification project sponsored by a consortium led by the American Natural Resources company and $1.1bn in guarantees for an oil shale project involving Tosco, the Californian oil shale company.

The Tosco project in western Colorado is in fact a $3bn venture between the Californian concern and Exxon. The Reagan Administration however has only provided loan guarantees for 75 per cent of Tosco's share in the venture.

This is consistent with the Government's policy of not providing loan guarantees for synfuel projects to major oil companies which the Administration feels can finance such ventures without the support of the Government.

What is new, is that the Government is now responding to requests for financial support for concerns which are not sufficiently financially independent to finance such ambitious ventures.

Sharp drop in pace of foreign investment in U.S.

BY DAVID LASCELLES IN NEW YORK

THE PACE of foreign manufacturing investment in the U.S. dropped quite sharply in the first six months of this year to its lowest level in four years. The reason appears to be uncertainty over U.S. economic prospects rather than the strength of the dollar.

These are the conclusions of a survey conducted by the Conference Board, the New York research organisation which continuously monitors foreign investment.

The Board said there were 172 manufacturing investments in the period surveyed, compared with 183 or more in the previous three years. Last year, foreign manufacturing investments totalled 387, which was down from 437 in 1979.

Mr David Bauer, director of the survey, said that the fall had been most noticeable in investment by smaller companies, and he attributed this to the U.S.'s sluggish growth prospects and the uncertainty of the economic outlook.

Although the strength of the dollar may have played a role, he doubted that it was considerable because manufacturing investments were usually made for long-term reasons that took relatively little account of currency fluctuations.

"It would also have been unreasonable to expect the strong growth of the last four years to continue," he said. "What we are seeing now is a tapering off."

Mr Bauer noted that it was ironical that the U.S. was engaged in a vigorous debate about the desirability of foreign investment just as it was easing.

Elements of this debate include resentment at Canada's restrictive foreign investment policy at a time when Canadian companies are snapping up U.S. assets, and the recent attempt by the U.S. Government to block the take-over of Texasgulf, a minerals and energy company, by Elf Aquitaine of France.

Britain and West Germany continued to be the most active sources of investment, with 35 projects each, followed by Canada (26), Japan (19), and Switzerland (12). Most investments were made in New York with 21, Massachusetts (19), Pennsylvania (17), California (16) and Texas (13). The most popular sector was electrical machinery (30), followed closely by non-electrical machinery (28), and chemicals (21).

Demand for cars 'will grow by 32% in decade'

TOKYO — World demand for cars will grow by 32 per cent in the 1980s, due chiefly to rapid market expansion in such areas as the Middle East, Africa, East Europe and Central and South America, Toyota Motor Sales predicted yesterday.

The marketing arm of Japan's largest car manufacturer, Toyota Motors, said that by 1990, world demand will increase to 54m units from the 41m units sold in 1979.

In the 1970s, Toyota officials said, demand grew by an average 4.2 per cent a year, but the rate of growth is expected to decline gradually in the 1980s, levelling off at slightly over 2 per cent in the latter half of the decade.

Such developed markets as the U.S. and Western Europe will show only moderate growth, but rapid expansion is seen in developing countries, they said. The pace of growth in the U.S. and Europe is put only at 1 or 2 per cent a year.

On the other hand, they said, the Middle East is expected to show the sharpest rate of growth—more than 10 per cent a year.

Such other areas as Africa, Central and South America as well as the Soviet Union and Eastern European countries will register significant growth—between 5 and 7 per cent a year—in the decade.

Toyota said at the same time that the total number of motor vehicles on the road in the world is estimated to climb to 551m units by 1990, or a 38 per cent rise over the 399m units in 1979. The total number of passenger cars on the road is believed likely to increase 39 per cent to 434m units and trucks and buses 34 per cent to 117m units.

Toyota officials said the predictions were based on the assumpton that energy demand and supply will remain in balance through the decade and the world economy will grow 3.2 per cent in real terms in highly developed industrial countries, 5.9 per cent in developed countries, 4.6 per cent in developing countries and 7.2 per cent in oil-producing countries.

AP-DJ

Russia to help India in oil exploration

By K. K. Sharma in New Delhi

THE SOVIET UNION has agreed to help India locate onshore crude oil reserves and to increase the rate of production of wells in the states of Gujarat and Assam, according to Mr P. C. Sethi, the Indian Petroleum Minister.

Offshore exploration is to be intensified with the help of foreign companies which have bid for 12 tracts, mainly in the western continental shelf where at least five oilfields have been located by the Government-owned Oil and Natural Gas Commission.

A decision on the bids is expected to be taken by the end of September and is likely to involve sharing of the oil produced if it is located and found to be commercial.

The Soviet Union has not offered help in offshore exploration because it does not have the experience or technology for deep-sea drilling of the kind necessary in India's continental shelf. However, Russian experts are to be used to try to increase the yield of onshore wells.

Both offshore and onshore exploration and production are part of India's accelerated efforts to minimise dependence on oil imports. An investment of around Rs 55bn (£3.3bn) is to be made in the next four years in the hope that crude production will increase to 30m tonnes a year by 1985.

This is the amount refined in India at present and about 18m tonnes of which is imported. In addition, India imports another 6m tonnes of petroleum products like kerosene and diesel. Complete self-sufficiency in oil will depend on the success of fresh exploration efforts.

Macau joint venture for Cable and Wireless

HONG KONG — Cable and Wireless said it will join in a venture with the Macau Government to establish a telecommunications company which plans to invest about HK$1bn (£92m) over the next 10 years.

First priorities of Telecomunicacoes de Macau will be to improve telephone and telex links and later to construct a high capacity microwave link with Hong Kong and a satellite earth station to give direct links to Portugal and other European countries via an Intelsat satellite over the Indian Ocean.

The company will buy at least half the value of its equipment from Portugal, it said.

Cable and Wireless said that at the same time as it signs the contract with the Macau Government it will also sign a traffic agreement with the Portuguese carrier, Companhia Portuguesa Radio Marconi.

Reuter

Israel to sign Nigeria deal

BY DAVID LENNON IN TEL AVIV

SOLEL BONEH INTERNATIONAL, a subsidiary of Israel's largest construction company, will sign a contract in Zurich tomorrow for a $190m (£105m) loan to Nigeria's Anambra State for a package of building projects to be carried out by the Israeli company and a number of its affiliates.

The projects include three hotels, a flour mill, a cement products factory, an aluminium plant and two water works, according to Mr Eliyahu Porat, managing director of Solel Boneh International which is ranked 17th among the 250 large construction companies engaged in international projects.

The deal for financing the package is the largest of 11 such financing deals organised by the company in the last two years. These totalled $750m and included loans to Nigeria, Ecuador, Venezuela and the Ivory Coast.

A consortium of 50 banks is providing the eight-year, $190m loan to cover 68 per cent of the Anambra State projects, with the Nigerian Government financing the balance, the Israeli company said.

French group to build Paraguay cement plant

A French group led by Bureau Central pour les Equipements Outre-Mer has won a $160m (£88m) contract to build a cement factory in Paraguay, AP-DJ reports from Paris.

The plant, to be located about 200 miles north of Asuncion, is to produce 600,000 tons of cement a year. It is scheduled for completion by 1984.

The contract will be financed by long-term credits from the French government and by loans from a French banking group led by Banque Worms.

MEA postpones Airbus order

BY OUR FOREIGN STAFF

MIDDLE EAST AIRLINES, the national flag carrier of Lebanon, has postponed the signing of an order for five aircraft from the European Airbus consortium.

The order for the A-310 wide-bodied jets, worth an estimated $350m (£184m) was placed last year. Following a meeting of the airline's board of directors in Beirut, Mr Assad Nasr, the MEA chairman, said that the decision on whether to sign the contract had been delayed until the end of September.

If security conditions in the country had not improved by then, Mr Nasr explained, the contract would not be signed.

Heavy fighting in Lebanon, which closed Beirut airport temporarily, had this year lost the airline some L£70m (£9m) to the end of July. The delay comes at a crucial time for both the manufacturer, which is working hard to penetrate the Middle East commercial aircraft market, and for MEA, whose aging fleet of Boeing 707s and 720s are long overdue for replacement.

Why the death-knell may soon be heard for the port of Calcutta

BY P. C. MAHANTI IN CALCUTTA & DAVID DODWELL IN LONDON

THE ONCE-BUSTLING port of Calcutta is in crisis. As losses mount, and traffic continues to decline, it faces seemingly insurmountable problems if it is to keep abreast with the fast changing pattern of world trade.

More serious still, pressure from Delhi to sever the links between Calcutta and Haldia, its daughter port 65 kms down the Hooghly river, could mean death for this once great focal point of east-west trade.

In its heyday, with the jute and tea industries prospering in north-east India, Calcutta accounted for about 50 per cent of the country's exports and about 20 per cent of its imports.

The port handled all food imports for the populous north Indian provinces as well as [illegible] immense quantities of pla[illegible] machinery needed for [illegible] ing steel, coal, oil-refining, engineering and general manufacturing industries.

But now Calcutta port is showing its age. Industrial depression in India's north-east, linked with a long term decline in world demand for tea and jute, has had a profound impact on the volume of traffic passing through the port. Of India's total trade of 70m tonnes last year, Calcutta and Haldia together handled less than 10 per cent—and Calcutta alone just 5 per cent.

The docks and dockside equipment have worked long past their time. [illegible] nning levels are more [illegible] he labour-intensive [illegible] increasingly [illegible] ew and big[illegible] ep to travel [illegible] llow. wind-

In the financial year which ended in March, Calcutta handled 3.5m tonnes of cargo and lost Rs 3m (£1.8m)—a drab contrast with the buoyant 1950s when the port handled an average of about 11m tonnes a year. Chronic labour troubles during the early part of 1981 have played a part in accelerating this decline.

Recently, losses have been cushioned by the fact that the new Haldia port, completed in 1968 as an auxiliary to Calcutta, is healthily profitable. The two are accounted for under the one financial umbrella—the Calcutta Port Trust. Haldia's 1980-81 profits of Rs 60m cancelled Calcutta's losses and gave the trust an overall profit of Rs 30m.

Hence the alarm over current pressure from New Delhi that Calcutta should cut loose from Haldia, and stand on its own financial feet.

The central government's keenness to "delink" is partly due to a conviction that Calcutta's long-standing labour troubles and antiquated labour practices have been, and will continue to be, a drag on growth at the more modern and efficient port of Haldia.

There is also a suspicion that pressure to delink is part of the war of nerves waged between Prime Minister Indira Gandhi's Government which rules in Delhi and the Communist Government which has clung on to power in the state of West Bengal.

Port Trust chairman Mr R. M. De Silva, argues that Haldia was built as the third dock of Calcutta port. He claims it is unfair to separate the two when Haldia is by its very nature and position at the mouth of the Hooghly river was intended to be complementary to Calcutta.

Haldia's profits are largely due to the fact that it handles bulk carriers and container traffic, and can do so using modern mechanised methods.

He claims that Calcutta is unprofitable because it can handle only small ships, cannot take container traffic, and must concentrate on general and break-bulk traffic—all of which requires much more labour and is much more expensive to off-load.

He adds that Haldia shares common port services, most of which are centralised at Calcutta, and for which Haldia is not charged.

The West Bengal Government, with local shippers and the Port Trust, is pressing hard for integrated development of the two ports, formalising the complementary relationship that exists between them.

In the short-term, the central government's recently announced anti-strike measures can help to improve labour productivity, port managers say. They are also pressing the government to channel through Calcutta up to half a million tonnes of the 1.5m tonnes of foodgrains that are to be imported from the U.S. between now and the beginning of January.

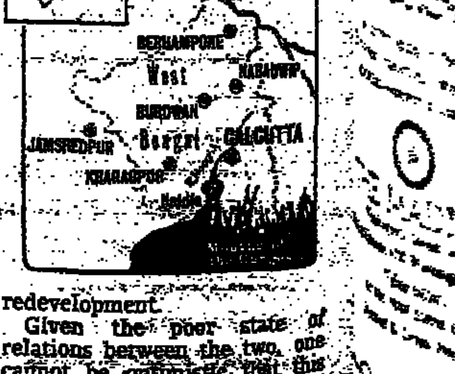
But to improve long-term profitability, the Calcutta Port Trust is looking for an overall reorganisation which could cost about Rs 1bn.

It would involve massive investment in equipment, like cranes and forklift trucks, and systematic dredging of the Hooghly. Perhaps most important, it would involve a dramatic shake-out of the labour force. The workforce of 31,000—already 13,000 below that of a decade ago—compares with a workforce at Haldia of 2,800.

About 5,000 dockworkers are due to retire in the next five years, but the labour force will have to be trimmed much further if it is to recover to profitability. Already, dockers are calling for resistence against any plans to cut the workforce.

Whether it can manage such major reforms depends not only on the resolve of the state government, but on the willingness of the central government to channel funds for redevelopment.

Given the poor state of relations between the two, one cannot be optimistic that this will happen—in which case the prospects for Calcutta port are grim.



U.S. and Britain sign memorandum to produce AV-8Bs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE ANGLO-U.S. Memorandum of Understanding, clearing the way for joint development and production of the AV-8B Advanced Harrier jump-jet fighter for the RAF, has been signed by the two governments.

It has been lodged with Congress for a statutory period of 30 days, ending on August 23.

The memorandum provides for British Aerospace and Rolls-Royce to work with McDonnell Douglas and Pratt and Whitney of the U.S. on the development and production of at least 60 AV-8Bs for the RAF.

It does not include the requirement by the U.S. Marine Corps for up to 336 of the same aircraft, which is covered by separate inter-company agreements in the two countries. Work on the AV-8B for the Marine Corps is in progress.

The value of the RAF deal will be around $500m (£275m) in terms of work for the UK, *but the ultimate* value to this country of all AV-8B activities, including work on the aircraft for the Marine Corps, may be in excess of £1bn.

The UK decision to go ahead with the AB-8B instead of developing an advanced all-British version of the Harrier, the GR Mark 5, was announced by Mr John Nott, Secretary of Defence, in his defence review earlier this summer.

Under the Memorandum of Understanding, Britain will get up to 40 per cent of the work on all the airframes for the RAF aircraft, with McDonnell Douglas undertaking the rest.

British Aerospace will assemble all the parts for the RAF aircraft in the UK.

Similarly on the engine side Rolls-Royce will manufacture up to 75 per cent of all the parts for the Pegasus engines for the RAF's aircraft, with Pratt and Whitney undertaking the rest.

Work on the AV-8Bs for the Marine Corps aircraft has been under way for some time under the earlier company agreements. *A prototype* AB-8B is flying, and the U.S. defence budget this year allocated over $800m for 12 more AV-8Bs, together with continued research and development work.

Details of the new inter-governmental agreement have not been revealed, but it is understood to include provisions for sales to third countries, and for a continued 50:50 split on further research and development costs.

This is vital, as work on the AV-8B *is expected to lead to* the development of a supersonic vertical take-off fighter for the U.S. and UK air forces.

Newport plays big role in S. Wales coal exports

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE NATIONAL Coal Board is rapidly building up its coal exports through Newport, South Wales, to some 700,000 tonnes this year compared with nothing in 1980.

Sir Derek Ezra, the NCB chairman, said on a visit to Newport docks yesterday that the port would handle about half the coal being exported from South Wales this year. Total UK coal exports are expected to double from 4.5m tonnes last year to more than 9m tonnes.

The NCB is building up its export business to cope with the recession which has slashed into the UK market for coal. Sir Derek said yesterday that even with higher exports the board would have to put about 3m tonnes of production to stock this year.

He noted that the rapid build-up at Newport was due partly to Poland's failure to supply overseas customers.

But he added that because of world recession and the strength of international competition, mainly from America and Australia, UK coal exports had to be won at low prices.

Energy Review Page 7

Paper industry complains of rising fuel costs

BY RAY DAFTER, ENERGY EDITOR

THE PAPER and board industry has attacked high fuel costs, by complaining that in spite of efforts to improve energy efficiency, the cost of fuels as a proportion of total costs, continues to rise.

Yesterday, the British Paper *and Board Industry* Federation said that the increasing fuel costs could not be recovered in an industry competing with imported products which had been manufactured with more favourable energy prices.

The federation was commenting on its latest report on Energy Consumption and Costs*, showing that the average cost of energy per tonne of pulp, paper and board produced, increased as a proportion of total cost from 13.6 per cent in 1979, to 15.3 per cent in 1980.

The federation added that last month the proportion was nearer 17 per cent.

The report also shows that:

● Total consumption of energy fuels and electricity decreased by 9.3 per cent from 982m therms to 890m therms between 1979 and 1980. Total pulp, paper and board production fell by 9.6 per cent from over 4.5m tonnes to under 4.1m tonnes.

● The industry purchased more electricity in 1980 than in any *of the previous 15 years* and the percentage of self-generated electricity fell to 37.8 per cent, compared with over 66 per cent in 1965. The federation said this reflected the industry's inability to reinvest in new combined heat and power plants.

● The average manufacturing prodfction capacity fell from 89.5 per cent in 1979 to 84 per cent last year, and as a result of this drop in production efficiency, energy consumption per tonne of product rose marginally between 1979 and 1980.

"Energy Consumption and Cost for 1980," British Paper and Board Industry Federation, Fetter Lane, London EC4 1AL; £20 to nin-members.

Survey calls for greater flexibility over retirement

BY JAMES McDONALD

A MORE flexible approach to retirement, and particularly to retirement ages, is advocated in a survey of company retirement policies by the Institute of Personnel Management.

The survey found that there was a degree of flexibility in a number of organisations but that in practice this meant early retirement rather than deferred retirement.

Half of the 371 organisations in the survey permitted *early* retirement up to a maximum of 10 years below the normal retirement date. Where there was a policy of no early retirement it applied to women more than men, as the normal retirement age for women is earlier *than that for men.*

Most of the companies in the survey did not permit deferred retirement. Where it was permitted, the bias was towards women.

In over 90 per cent of the companies retirement ages were the same as state pension ages—65 for men and 60 for women.

"Only 9 per cent of the sample had a common retirement age for men and women and it did not seem likely that any major moves in this direction would come from companies without some government initiative on equalising the state pension age," says the survey.

Some form of retirement preparation was provided by 77 per cent of the companies in the survey but this was usually a pre-retirement course or seminar, rather than individual advice or counselling.

Only 15 per cent of the organisations operated phased retirement, allowing people nearing retirement to work shorter hours or take extended annual leave.

"Retirement—Planned Liberation?", by Phil Long, Institute of Personnel Management, Central House, Upper Woburn Place, London WC1, £12.

Discretion and quality needed to join the select 800

The Royals

Royal Warrant Holders Association

by Lisa Wood

MR WALTER GAMBLE, a Berkshire chimney sweep, is *reluctant to discuss the details* of the open fires of one of the larger establishments he regularly visits.

For 62-year-old Mr Gamble cleans the flues at Windsor Castle and is permitted, because *of his services to the Royal* Household, to style his company, Kleen-Way (Berkshire), "By Appointment to Her Majesty the Queen."

About 800 other tradesmen, including an exclusive St James bootmaker and a *drainage* contractor, are members of the Royal Warrant Holders Association. Their names are published each year in The London Gazette and they are allowed to display the Royal coat of arms on their products, premises and vehicles.

Manufacturers who want the honour of displaying the arms have a clear set of criteria to follow. The first hurdle is to provide one of the three royal households with a quantity of its products for three years.

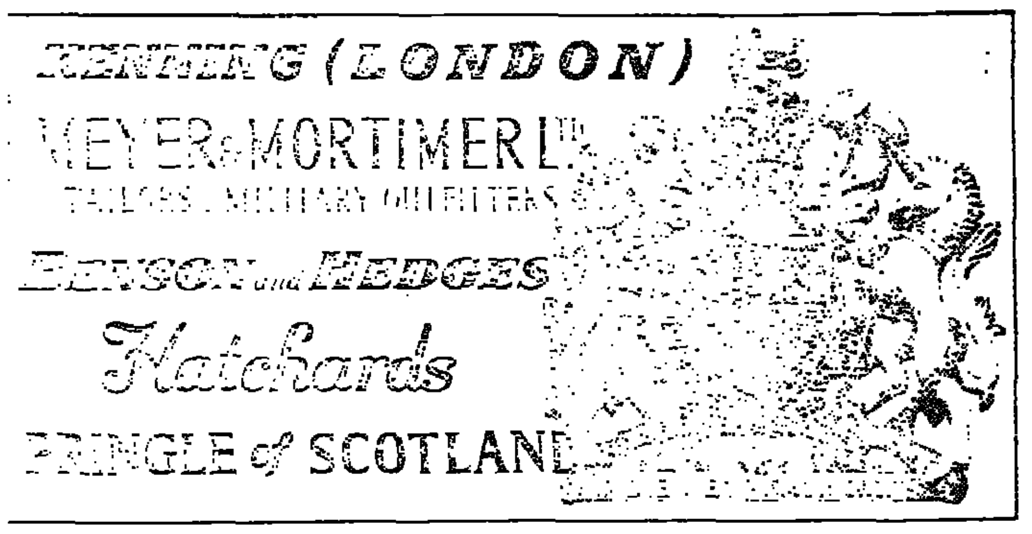
Apparently, the households are keen to try new merchandise and there is a constant flow of different goods into Windsor, Balmoral and Buckingham Palace.

All the goods and services however must be paid from the Privy Purse Department. A company supplying equipment for example to the Department of the Environment's Property Services Agency, responsible for the upkeep of the bricks and mortar of the royal palaces, would not be eligible as it would be paid from public funds.

When these conditions are met the company can fill in an application form. It can get help from the Royal Warrant Holders Association, a voluntary body with some 700 members which is much experienced in the requirements of the Royal Household Tradesmen's Warrants Committee, which vets the list of applicants.

Once within the ranks of warrant holders a company can not simply rest on its laurels. Under rules introduced several years ago each company is reviewed every ten years.

Failure to continue supplying *one of the three royal house-*[illegible]



[illegible] reluctance to [illegible] chimneys [illegible] understandable [illegible] strict rule drawn up [illegible] Chamberlain's [illegible]

[illegible] "Royal [illegible] may not [illegible] or ser-[illegible] to the Royal [illegible] of their [illegible]

[illegible] holders of [illegible] the services [illegible] royal house-[illegible] at home [illegible] Royal coat of [illegible] confirmation of [illegible]

[illegible] glance at the list of royal warrants shows a refreshingly large number of small direct suppliers, alongside the prestige retailers such as Harrods and Fortnum and Mason.

This is particularly apparent among the 86 companies and individuals named as holding appointments from the Duke of Edinburgh whose list of grantees is not as lengthy as that of the Queen, or the Queen Mother's, but twice the size of Prince Charles who only started granting warrants a year ago.

Despite the recession the number of companies holding warrants remains fairly stable with about 20 leaving the ranks and 20 entering each year.

There are no bars to foreign companies applying for a warrant but Mrs Edna Canty, executive secretary of the Royal Warrants Holders Association suggested that the Royal household "may prefer to buy British."

The association itself dates from a gathering of "Her Majesty's tradesmen" who in 1840 met at the Freemans Tavern to honour Queen Victoria's birthday. They *decided* to make it an annual event and formed themselves into "The Royal Tradesman's Association." In 1907, by a Royal Charter, it took its present title.

Tomorrow: Royal Scottish Country Dance Society.

UK NEWS

New moves to save part of Ronson

BY JAMES McDONALD

FINANCE Corporation for Industry, the investment group backed by City banks and financial institutions, was trying yesterday to mount a new rescue operation for part of Ronson Products, the lighter and shaver manufacturer put into receivership last Friday by Barclays Bank.

A spokesman for the corporation said there had been talks yesterday with several organisations, which he would not name, with the aim of continuing a "proportion" of Ronson Products' business in the UK.

Ronson Products, a subsidiary of Ronson Corporation of the U.S., is a major manufacturing unit in the group and contributes significantly to the group's worldwide sales.

These totalled $142.9m in 1980, which was 9.3 per cent more than in 1979. But Ronson Corporation had a loss on its operations last year of $6.65m, compared with 1979 earnings from operations of $2.37m.

The subsidiary owes Barclays Bank nearly £9m. A joint rescue operation by Kleinwort Benson, the merchant bankers, and Finance Corporation for Industry fell through last week when the full extent of the debt to Barclays was realised. An earlier estimate of the debt was about £6m.

Kleinwort Benson is no longer interested in a rescue.

The corporation yesterday would not identify the part of Ronson Products that might be involved in a rescue package, but the British company's main manufacturing unit, of lighters, is at Leatherhead, Surrey, where 800 of the 1,000 workers were sent home on Monday by the Price Waterhouse Receivers with a guarantee minimum wage for this week.

Ronson Products has closed two factories, in the Isle of Wight and in Northumberland. It still has a smaller plant working in North Shields, making mainly shavers and employing about 250 people.

Any rescue attempt would have to get under way fairly soon, a corporation spokesman said last night, but might not be completed before the end of this week.

Meanwhile the receivers, whose brief is to try to sell the company as a going concern, spent yesterday in discussions with suppliers, trying to obtain a resumption of deliveries of materials to the Leatherhead factory.

An odd pattern of export and import trade in lighters seems to have developed in Britain. Exports and imports last year of mechanical and other lighters were roughly in balance, with imports valued at £18.9m and exports marginally lower at £18.4m.

Shell contracts to create 900 jobs at Fife

BY RAY DAFTER, ENERGY EDITOR

SHELL Exploration and Production is creating 900 jobs in Fife, Scotland, through the award of two new construction contracts—worth a total of £40m—at its gas liquids plant at Mossmorran, near Dunfermline.

The work will raise the total labour force on the site to about 1,500. The £345m plant will process North Sea gas liquids—ethane, propane and butane.

The ethane, an essential chemical building block, will be used as a raw material in Esso's £360m chemical plant at Mossmorran, which has just been given the formal go-ahead.

About £25m-worth of mechanical, electrical and instrumentation work at the gas liquids plant has been awarded to Matthew Hall Engineering. The company will be involved in the development of the process units.

Constructors John Brown has been awarded a £15m contract for the installation, testing, insulation and painting of pipework.

More than 900 people are now involved in civil engineering work and tank construction on the gas liquids plant site. Many of these will have left the site next year when employment from the new contracts will be at its peak.

Shell said last night that as many local people as possible would be employed, providing they had the necessary skills.

Development work on the Shell plant has been unaffected by the recent indecision over Esso's chemicals project.

Esso Chemicals, the main developer of the 500,000 tonnes a year plant, had had second thoughts about the economic viability of the project, largely because of Europe's considerableu over-capacity for ethylene production.

But following a series of intensive meetings with Ministers and Government officials—at which various concessions were sought—Esso decided earlier this month to continue with construction work.

If the project had been abandoned—a move which would have hit thousands of jobs in the process plant industry—Shell would have had to redesign the transport and distribution arrangements

Both the gas liquids and chemicals plants are joint venture projects. Shell Exploration and Production is the lead company in the gas liquids plant for the Shell/Esso group.

Esso Chemicals is developing the ethylene plant on behalf of itself and Shell Chemicals.

Racal chairman calls for reflation to win election

BY GUY DE JONQUIERES

A LEADING British industrialist and strong Conservative supporter warned yesterday that the Government risked defeat at the next general election unless it modified its economic policies soon.

Sir Ernest Harrison, chairman of Racal Electronics, said that the Government had achieved much in the past two years to produce a better climate for business. Productivity and employee attitudes had improved considerably.

But, he suggested, the Government was now in danger of pursuing its restrictive monetary policies too far and of losing political support in the country as a result.

"No one can tolerate the kind of unemployment we have today," he said. "The Government must start to act now to get the policies that will ensure that it is re-elected."

"We all have a great responsibility to convince the Government that its principal objective is to win the next election. If that means reflation, let us reflate. Let us get unemployment down."

The country risked little from a programme of moderate reflation because the Labour opposition was committed to far-reaching reflationary policies if it won the next election.

Racal's own performance has been barely affected by the current recession. Its pre-tax profit rose 42 per cent to £73.2m in the year ended March 31 on a turnover of £536.4m.

Moss Side residents 'draw the line at petrol bombs'

FINANCIAL TIMES REPORTER

A LOT of people in Manchester's Moss Side "don't mind bricking a copper but they draw the line at petrol bombs," an anonymous witness told the independent inquiry into the Manchester riots yesterday.

The witness, giving evidence on the second day of the inquiry instigated by the Greater Manchester Council, said he was a spokesman for many people involved in the riots.

"They see it as a way of getting at authority.

Witneses told the five-person panel, headed by Mr Benet Hytner QC, that outsiders took part in the riots in July.

One man, Mr Anthony Doyle, stormed out of the inquiry after complaining he had been beaten up by two policemen because he had spoken to the inquiry.

Mr Doyle, who claimed he was being victimised by local police officers, and had lodged 14 official complaints, was told by Mr Hytner: "We are not properly constituted to hear individual complaints against the police."

Booth attacked on petrol profit levels

SHELL UK last night attacked allegations by Mr Albert Booth, the Shadow Transport Minister, that profit levels were being understated.

The attack, from Mr John Raisman, chairman and chief executive of Shell UK, follows a letter from Mr Booth to Mr Norman Fowler, the Transport Secretary, which claimed that rapid increases in petrol prices — together with the cuts in public transport—were threatening the transport of both people and freight.

The letter said the allegations were "very serious, involving as they must the probity of those responsible for the management of Shell UK Ltd."

"I have written to Mr Mostyn Evans asking him to let me have direct the information supplied to you by the Transport and General Workers Union on which the allegations were based.

"In the meantime let me say that I totally reject any claim that the level of profit in Shell UK has at any time been under-recorded. I would remind you that our annual accounts are published and professionally audited."

"THE allegation with regard to transfer pricing makes little sense to me. I can assure you that all transactions between Shell UK Oil and other Shell companies and divisions take place on the basis of market prices.

"In the case of North Sea crude oil in particular, which forms the largest part of Shell UK oil's total costs, there is in effect a single market price for term contracts of each grade.

"This is in practice set by the British National Oil Corporation and forms the basis for all transactions between Shell UK Oil (a division of Shell UK Ltd) and Shell Exploration and Production (another division of Shell UK Ltd.) This price has to be acceptable to the Inland Revenue and the Department of Energy for royalty and tax valuation purposes.

"In the light of what I have said I hope you will agree that the allegations are unfounded, as are the conclusions you have drawn on petrol prices."

Yours sincerely, John Raisman, chairman and chief executive, Shell UK Ltd."

Move to save Enka jobs in Antrim

BY OUR BELFAST CORRESPONDENT

A LAST-MINUTE attempt is being made to save some jobs at the British Enkalon fibres plant at Antrim, in Northern Ireland, which is due to close at the end of this month with the loss of 1,300 jobs.

The board of Enka, fibres arm of the Dutch chemicals group, Akzo, was reported yesterday to be examining a proposal put forward by the trade unions at the Antrim factory.

The Northern Ireland Department of Commerce has studied the plan, which proposes a six-months stay of execution for the factory, with a reduced labour force of 800. This would allow for a full re-examination of the factory's future.

It is understood that the Government would look sympathetically at a request for aid to tide the company

British Enkalon announced on July 15, that several months of negotiations between Enka and the Department of Commerce had failed to bring agreement on the financing of a £17m plan, to maintain the operation employing 1,100 people in the manufacture of nylon carpet yarn.

The Government had offered to meet half the cost, but according to Mr Adam Butler, Minister of State in Northern Ireland, the company stuck to a demand for further concessions governing grant and loan repayments.

Mr Butler said the Government did not feel justified in offering more, because of Enka's "obvious doubts about future viability."

Mr John Freeman, Irish Regional Secretary of the Transport and General Workers' Union, has held talks with Dr Hans Gunther Zempelin, the Enka chairman, about keeping the factory open.

The union would make no public comment on the proposals, but it is understood that it has a good chance of persuading Enka to adopt the plan.

Efforts by top Liberals to reassure their allies

LIBERAL PARTY leaders yesterday sought to smooth the ruffled feathers of their rank and file and of their Social Democrat partners following a threat by Liberal local government activists to "smash the SDP into the ground."

Mr Richard Holme, the Liberal president, defended the Association of Liberal Councillors, which in a pamphlet issued on Monday warned the new party in no uncertain terms against contesting local elections in Liberal-held wards.

They were, he said, "a vigorous campaigning organisation, not a bunch of diplomats." Their language was sometimes colourful, but their substance was shrewd and sensible.

"Like a married couple, we must be allowed to have our rows and tiffs, our ups and downs, and try not to raise our voices too much," he added. He was confident that the alliance between the two parties, already agreed by their leaders, would be endorsed by the rank and file.

Mr David Alton, Liberal MP for Liverpool Edge Hill, however, warned Liberal councillors that without Social Democratic support, they would lose more and more of their influence and funds.

"If they put party interests before national interests, the Liberal Party will forfeit any right to be taken seriously," he said. "Any Liberal councillor who doubts that the community wants an alliance should go and knock on a few doors and listen to what the voters want."

Mr Cyril Smith, Liberal MP for Rochdale, who has long been hostile to the proposed alliance, sounded a more equivocal note. He welcomed the ALC statement, conceding that it might have been couched in more temperate language, and warned the SDP not to "try to take the Liberals over."

Although he has apparently agreed to support the alliance at next month's Liberal Party Conference, it is suggested he may speak from the floor in support of those opposing it.

Social Democratic reaction to the ALC statement was suitably muted. Mr John Lyttle, the SDP spokesman, yesterday expressed surprise at the "intemperate tone" of the document.

Scottish accountants expel former director

BY ROSEMARY BURR

MR CHRISTOPHER Duffes Reynolds, a former director of Gilgate Holdings, the property and insurance group, has been expelled from the Institute of Chartered Accountants of Scotland and ordered to pay £2,000 in costs.

In March Mr Reynolds and two co-directors were banned from acting as directors because of "massive" breaches of their legal duties.

The disqualifications had been sought by the Department of Trade on the ground that the three had defaulted in filing accounts and lodging annual returns within the statutory period.

The expulsion from the institute follows a formal complaint by the Committee of Inquiry after an investigation into the conduct of Mr Reynolds, a member of the Scottish institute since 1956.

The committee found that Mr Reynolds:—

"being a party to the purchase on July 2 1976 of 200,000 shares in Gilgate Holdings under circumstances which he was aware gave rise to the possibility of an obligation arising under Rule 34 of the City Code to bid for the remainder of the shares, he took no steps to obtain an interpretation of the code in the circumstances but acted on the assumption that no such obligation existed;

- being a director of Growth and Secured Life Assurance Society and National Investors' Life Assurance Company, he permitted both companies to make loans to Gilgate Holdings when these loans constituted investments by the assurance companies which were not permitted by requirements imposed by the Secretary of State . . . and was convicted of these offences at Maidenhead Magistrates Court on October 26 1979;
- being a director of Growth and Secured Life Assurance Society and National Investors' Life Assurance Company, he permitted both companies to furnish returns to the Secretary of State . . . which contained financial information which was false in a material particular and was convicted of these offences. . . .
- being an officer of various companies he permitted them to make default in delivering annual returns and copies of accounts to the Registrar of Companies and between January and July 1979 was convicted of six such offences at Cardiff Magistrates Court."

County to increase social services staff by 300

BY GARETH GRIFFITHS

NOTTINGHAMSHIRE County Council is to increase its social services staff by 300 this year as part of a general drive to improve council services at an extra cost of £11.72m, which goes against the Government's aim of cutting local authority expenditure and manpower.

The Labour-controlled authority had announced earlier this summer that it is imposing an 18p supplementary rate in October to bring in another £21.75m. The present Nottinghamshire County Council precept or rate levied on the district councils to fund the county council is 91.5p in the pound.

Over half the money raised by the supplementary rate will be used to increase expenditure. The education and transport services will absorb most of the increase although the social services budget will go up by £1.8m from £34.9m to £36.7m.

The 300 extra staff will be taken on in October and will include more than 100 home helps, 30 extra social workers and 40 care assistants in homes for the elderly. Nottinghamshire already employs 4,500 social services staff.

Some £6m raised by the supplementary will be used to improve balances

Nottingham has told the Environment Department that it is unable to meet the Government's requirement for a 5.6 per cent cut below the actual expenditure occurred in 1978-1979. Instead it has told Mr Tom King, the local government Minister, that its expenditure is 5.6 per cent above the target.

Breakdown of councils' Government grants loss

PERCENTAGE LOSS OF GRANT 1981-82 COMPARED TO 1980-81

Authority	%	Loss per head £
Newcastle	14.8	26.04
Birmingham	8.2	13.56
Wolverhampton	7.7	14.00
Manchester	7.0	15.44
Sandwell	6.5	8.98
Wirral	6.3	8.20
Salford	6.2	8.12
Liverpool	5.9	10.17
Sefton	5.8	10.36
Westminster	42.4	65.69
Kensington and Chelsea	26.7	49.19
Islington	24.2	59.7
Camden	18	30.26
Lambeth	2.3 (gain)	+9.28 (gain)
Hammersmith	2.0 (gain)	+0.19
GLC area	6.5 (loss)	11.33

Figures taken from forthcoming September issue of Public Money, the magazine sponsored by the Chartered Institute of Public Finance and Accountancy.

Bristow helicopter grounding 'surprises' Westland

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

WESTLAND Helicopters, builder of the Wessex helicopter which crashed last week in the North Sea with the loss of 13 lives, expressed continued confidence in the aircraft yesterday.

Mr Basil Blackwell, chief executive of the company, said he was "very surprised" at the decision by Bristow Helicopters on Monday night to ground its fleet of 10 Wessex aircraft pending the results of the technical investigation into the accident.

"In its day the Wessex, with two gas turbine engines, has had a remarkable safety record," he said. "In my view this is a helicopter that has proved itself in the Services to be a rugged workhorse.

"I am very surprised that at this late time in its life Mr Bristow has discovered it is unsafe

"Until we have the parts [from the crashed aircraft] we have nothing we can work on. If you start to go on rumours, that has always been aviation's most disastrous basis on which to take decisions."

The Wessex, built at Westland from 1956 to 1971, is in service with both the Royal Navy and the RAF. Neither service plans to ground its aircraft unless the accident investigation shows some fundamental fault with the aircraft.

Other Wessex aircraft are used by the Queen's Flight, but will be grounded only if evidence from last week's crash suggests they are unsafe to use.

The RAF, which is preparing a Wessex for a flight by Princess Anne later this week, said that it was "fully confident" of its maintenance procedures.

Yesterday divers were still working some 10 miles offshore in 20 feet of water to recover the remaining parts of the crashed Wessex.

- British Airways Helicopter, which plans a scheduled helicopter link between Milton Keynes, Buckinghamshire and Heathrow has revised its application, changing the approach path to Heathrow to meet air traffic control objections.

The plan is for the helicopters to fly well west and south of Heathrow to near Wokingham, turning east for a point near Oxshott, Surrey, then north to enter Heathrow from the south. Departure from Heathrow would be directly north to Milton Keynes.

The route would take the helicopters over substantial residential areas of Berkshire and Surrey, and thus be likely to arouse considerable environmental objection.

The Civil Aviation Authority asks for representations against the new route to reach it by September 8.

The route would cost £27 single for the Milton Keynes-Heathrow sector, with £ Stand-by.

Merchant fleet suffers severe tonnage loss

BY LISA WOOD

BRITAIN'S merchant fleet suffered its biggest monthly loss of tonnage for two years in June, with unemployment among seafarers approaching record levels.

On the present trend the tonnage of the UK-owned and registered fleet could be down to below 30m dwt tonnes at the end of the year, a fall of nearly 20 per cent over 12 months, according to the General Council of British Shipping.

The general council said that June was a particularly bad months. "The rate of loss was much higher than we were predicting during the seamen's strike.

"We had been warning repeatedly about the effects of high manning costs on the fleet's ability to compete in a tough international market and sadly the seamen's strike has only made a bad situation much worse," it said.

The National Union of Seamen dismissed as "ludicrous" the claim that costs of UK crews were causing ships to leave the British registry.

The union, whose 26,000 members were involved in a national pay dispute in January, said the British fleet had been in decline since the Second World War. During the same period other maritime countries, with similar or higher crew costs, had managed to expand their fleets.

"The blame for this long-term decline lies at the door of British shipping companies who have singularly failed to plan for the future and create new markets for their vessels," the union said.

It said a large proportion of this year's slump in tonnage could be put down to the disposal of tankers, scrapped or sold because of the world glut, and not because of UK crew costs.

This year the number of unemployed seafarers has been higher than in the corresponding months of previous years. Now, at a time when seasonal demand is peaking, some 640 officers and 2,200 ratings are out of work.

The general council said: "On present trends the fleet could be down to below 30m dwt over the next year. The consequent job loss is bound to be serious and likely to push seafaring unemployment up to new record levels."

In June there was a net loss of 22 ships of 917,000 dwt, following a net loss of 15 ships of 767,000 dwt in May. Included in the June figures were two scrapped tankers with a total tonnage of 465,000 dwt.

The fleet now stands at 1,087 ships totalling 33.2m dwt compared with 1,141 ships of 35.6m dwt at the start of the year. The fleet reached its peak of 1,614 ships of 50m dwt in 1975.

Preston port to close but Tyne set for new growth

THE LOSS-MAKING municipal port at Preston, Lancashire—which has run down its labour force over the past eight months from 300 to a skeleton staff of about 50—is to close officially on October 31 after 91 years' operation.

Tentative plans are still being considered for developing the 300-acre dock area as industrial estates and a leisure marine.

Preston was one of the post-war pioneer British ports in offering facilities for roll-on, rol-off freight services, originally in converted tank-landing craft, mainly to and from Ireland.

Since the mid-1960s, however, the volume of traffic handled by the enclosed docks at Preston declined, from 2.17m tons in 1965 to just over 1m tons in 1979. A short-lived revival in the mid-1970's, following a Labour Government's £2m rescue attempt, did not last.

Preston has never been an easy port to maintain, and has had to carry heavy annual maintenance dredging costs. A private Bill was passed through Parliament last year sanctioning the closure of the port.

- The Port of Tyne Authority announced today that the National Coal Board had asked it to progress to tender stage a project to develop a £5m plus scheme for new coal shipping facilities at Jarrow Slake, Tyne Dock.

The project involves building new coal staiths near Tyne Dock, capable of handling coal carrying vessels of 25,000 tonnes — twice the size of those now being loaded in the region.

Provision would also be made to handle even larger vessels if the need should arise.

The proposal follows changes in the technology of coal transport by rail and sea, and an anticipated increase in traffic, especially export overseas. Last year, coal and coke shipments from North East ports were 5.6m tonnes, of which 1.96m tonnes of coal and a further 320,000 tonnes of coke left the Tyne.

In the current year, the National Coal Board's coal exports from the region are expected to reach 2.1m tonnes—a sevenfold increase since 1979, while coke shipments will more than double to 750,000 tonnes.

In addition, 6.5m tonnes a year are being shipped from North East ports, including the Tyne, to power stations in the Thames Valley

Energy Review: Coal deposit development

By Martin Dickson, Energy Correspondent

Moses dreams of a down-to-earth ladder

JACOB DREAMED of a ladder stretching up to heaven. Ken Moses is concerned with one leading in the opposite direction to Britain's coal deposits.

Mr Moses is in charge of the National Coal Board's development of major new mines and the Moses Ladder is a catchphrase used to describe the various steps taken in the Board's exploration programme towards the development of a new colliery.

Mr Moses, a soft-spoken Lancastrian, explains it as follows: The location of most of the UK's coal deposits has been known in broad terms for many years so, contrary to widespread belief, the NCB's exploration programme is not usually concerned with the discovery of totally new reserves.

Rather, it is aimed at getting more detailed knowledge of known deposits so the Board can decide on the next best area to mine.

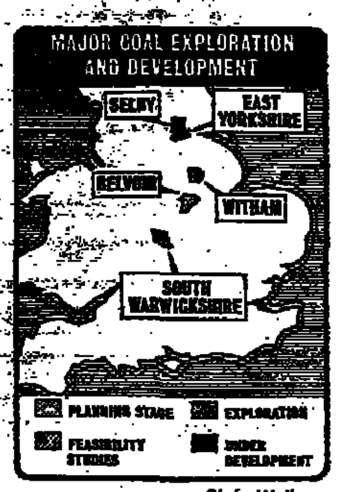
As exploration of an area proceeds its deposits gradually move up a ladder. They start as mere potential prospects, where coal is believed to exist, but quantity and quality are not established. They move up through various exploration stages to feasibility studies and, ultimately, development.

"The whole trick of mining engineering," says Mr Moses, "is to take the next best piece of coal."

It is an expensive process. The NCB has spent £88m on exploration since 1974, drilling more than 700 deep boreholes across the country. This year it will be sinking another 62, at a cost of £11m to £12m.

The exploration is vital. Unless the UK coal industry is to be run down over the next 25 years — and Government policy is to expand it—several new coalfields will have to be brought into production.

The first of these will be at Selby, North Yorkshire, where



Chris Walker

the NCB has been developing the biggest and most modern coal-mining complex in Western Europe at a cost of about £1bn. It is due to come into production early in 1983 and build up to 10m tonnes of output a year from five pits by the end of the decade.

If the Board gets its way, the next development will be in and around North East Leicestershire's Vale of Belvoir, where the NCB wants to sink three mines to produce 7.2m tonnes of coal a year.

But there is a big questionmark over Belvoir. More than a year after a major planning inquiry, the NCB is still waiting for the Government go-ahead. Mr Michael Heseltine, the Environment Secretary, has indicated he would like to turn the NCB down, at least for the next few years, but energy ministers are keen for the project to go ahead.

Even with Belvoir, Britain's deep mined coal production is likely to fall from about 110m tonnes now to 98m tonnes by the year 2000. Some people argue that this will be more than enough for the UK's needs. The NCB strongly disagrees and

NCB EXPLORATION— 1981

EXISTING MINES	Deep boreholes	Seismic lines (in kms)
North Yorks	1	20
Doncaster	2	26
Barnsley	2	20
South Yorks	3	—
North Notts	9	30
South Notts	1	—
South Midlands	3	10
Western	6	40
NEW MINES		
Selby	2	20
East Yorks	2	60
Witham	15	80
South Warwicks	5	30
East Notts	7	60
North Yorks	4	40
Totals	62	436

maintains that to meet national demand it will have to develop yet more new mines.

There are three areas at the top of Mr Moses' pit development ladder—South Warwickshire, East Yorkshire and Witham in Lincolnshire.

● South Warwickshire will almost certainly be the next contender for development. It is an extension of the well-worked Northern Warwickshire coalfield and lies to the south of the existing pits at Coventry and Daw Mill. The southern extremity is around Kenilworth, where the seam goes too deep to work.

The NCB reckons South Warwickshire contains about 250m tonnes of recoverable reserves, compared to about 500m tonnes at Belvoir and 300m tonnes at Selby. The thickness of the seam—over 20 ft in places—adds to the attraction of the deposit, which can be used as fuel for power stations or general industry.

A feasibility team has been looking at South Warwickshire for the past 18 months and has just submitted a report to NCB headquarters on the prospects for development. If the Board approves its proposals, the next stage is likely to be a public planning inquiry.

However, the Board is anxious not to go to an inquiry until the Belvoir question is settled. It does not want the two fields to be seen as possible alternatives, since it insists there is a need for both.

The feasibility team's report remains secret but a key issue it will consider is how much of the South Warwickshire coal can be mined from the existing pits at Coventry and Daw Mill and how much will require greenfield sites.

Development of South Warwickshire *should* require relatively few spoil tips—a major environmental concern at Belvoir. Much of the dirt is likely to be tipped in local quarries, as is that from existing Warwickshire mines.

Nevertheless, the NCB could find itself facing a strongly hostile Warwickshire County Council if it tries to sink a new mine in the beautiful countryside between Coventry and Kenilworth. An extension of *operations at the existing pits* might be more acceptable.

● East Yorkshire. This is an area of about 140 square kms around Goole, straddling the borders between two Yorkshire counties and Humberside. Several newspapers this week mistakenly described this as a dramatic new discovery.

It is, in fact, an eastward extension of the existing Yorkshire *coalfield, surrounded on* three sides by existing pits—at Kellingley, Askern, Thorne and the new Selby development.

As at Selby, the land is low-lying and drainage problems mean the Board could probably work no more than two or three of the seams, which are three to six ft thick.

A feasibility team has recently been appointed to take a hard look at development prospects [illegible] will [illegible] ing the prospects for mining some of the coal from [illegible] pits. The NCB has [illegible] put a figure on [illegible] reserves.

● Witham. This area of about 300 sq kms of Lincolnshire [illegible] lies close to existing mines—the Nottinghamshire collieries of Bilsthorpe, Ollerton and Bevercotes. The coal lies at moderate depth and [illegible] structural complications [illegible] field should provide good mining conditions typical of the East Midlands. Recoverable reserves are put at not less than 200m tonnes.

However, if Witham is developed new mines will be needed. The NCB says it will not be possible to work the deposits from the Nottinghamshire pits. A feasibility team for Witham is likely to be appointed shortly.

These three coalfields are at the top of the Moses Ladder but there are many more fields on the rungs below them. These include the Park prospect in Staffordshire, where the Board has been hoping to develop a new 2m tonnes a year operation. However it had to [illegible] that plan earlier this year because the high chlorine content of the coal made it an unattractive fuel for the Central Electricity Generating Board.

Chlorine is also a problem in the East Staffordshire coalfield which covers an area of [illegible] 200 sq kms and lies between the largely abandoned Cannock Chase coalfield and [illegible] of Warwickshire and South Derbyshire. Workable reserves are estimated at [illegible] though the NCB is [illegible] additional boreholes to establish the figure more precisely.

The NCB hopes it may be possible to overcome the chlorine difficulties by blending the coal with better supplies from local opencast sites.

There is also coal in Oxfordshire. The NCB has put down [illegible] near Banbury, Woodstock and Witney. But the coal is of variable quality and the seams frequently split, so this find is well down the ladder. Development is most unlikely to be considered until early in the next century.

That is probably just as well for Mr Moses—who moves on to become the NCB's North Derbyshire director at the end of the month—and for his successor at planning. The development of coal mines amid the articulate Oxfordshire countryside could provoke an environmental battle that would make the Vale of Belvoir inquiry look like an amiable tea party.

To find coal is one thing. It is another to show there is a national need for it and an economic case for development.

The inspector who headed last year's Vale of Belvoir planning inquiry came to the conclusion—in an as yet unpublished report—that the exhaustion of existing pits meant the UK's deep-mined coal capacity was likely to fall to 91m tonnes by 2000 compared to 110m tonnes now.

Development of Belvoir would boost this to 98m tonnes and opencast could add another 15-20m tonnes, taking overall production to 113-118m tonnes.

No one is sure what demand will be. Estimates range from the pessimistic 75-110m tonnes put forward by Professor Colin Robinson of Surrey University, to the 128-165m tonnes of coal predicted by the Department of Energy in 1979, in its last published energy projections.

There is, therefore, the possibility that Belvoir will meet more than the UK's needs. But there is also the possibility that more fields will have to be developed.

The NCB reckons development of South Warwickshire, East Yorkshire and Witham should add 15-20m tonnes to its capacity.

But Belvoir will only reach full production in 1995 if it gets the go-ahead now. Warwickshire is some two to three years behind Belvoir, East Yorkshire about two years behind that and Witham will not reach full production until the 21st century.

The NCB could help sustain production by further investment at existing pits but even with this it is hard to see the UK producing more than 125-130m tonnes by the year 2000. In the highly unlikely event of all the stops being pulled out at East Yorkshire and Witham this could perhaps be lifted to 135-140m tonnes.

The upshot is that if coal *demand were to reach the upper* part of the Energy Department's 1979 estimates, the NCB could almost certainly not provide enough. The shortfall would have to be made up by imports—a position which would be warmly approved by the Board's critics.


Excavation work under way on the first drift tunnel for the Selby coalfield at Gascoigne Wood.

Key test for IRA claim to lead Catholics

Margaret van Hattem sets the scene for tomorrow's poll in the seat once held by Bobby Sands

TOMORROW'S by-election in Fermanagh and South Tyrone will long be remembered, rightly or wrongly, as a verdict on the Provisional IRA and the British Government's handling of the Maze prison hunger strike.

It could, therefore, become a crucial factor in determining how much longer the Government can sustain its present tough stance, and whether militant nationalism will now spread, developing into a real threat to the stability of the Republic.

That it should suddenly have assumed such importance shows how much ground the IRA has recovered since the collapse of the previous hunger strike last December.

By pushing the moderate Catholics of the Social Democratic and Labour Party (SDLP) out of the contest, it has succeeded in turning the by-election into a vote of confidence in its present apparent leadership of the republican community.

> "The unity of the Republican movement is the only real issue being fought in this border constituency, where years of violence have produced a strictly sectarian vote"

The previous by-election in this constituency last April, resulting in a surprise win for the IRA hunger striker Bobby Sands, could be dismissed as a propaganda stunt which succeeded beyond all expectations. This one, whatever the result, cannot.

The IRA has set out to consolidate its apparent supremacy, polarise opinion, force the British Government into a corner and de-stabilise the Republic. If the radical Republican candidate Mr Owen Carron—identified in most people's minds with the IRA—wins, *it will be well on the way.*

That it should be within striking distance of doing so is largely due to the enigmatic withdrawal of the SDLP. For it is generally accepted that an SDLP candidate, while having *no chance of winning, would* have split the Catholic vote sufficiently to ensure Mr Carron's defeat.

The party's decision not to run has, predictably, been presented by the Carron campaign as tacit support, and by the Unionists and anti-Carron Catholics as cowardice.

The party leaders, who earlier voted in favour of contesting the seat, have given no official explanation other than that the wishes of the local party had to be respected. Local SDLP members, who took part in the 48-to-44 vote not to run and the heated debate earlier this month which preceded it, are deeply pessimistic over the deep rifts in the party which have emerged.

Many who share their leaders' deep antipathy to Republican violence, felt there was nothing to gain by taking a stand in a contest they could not win outright, and much to lose in being seen to split the vote and let in a Unionist.

Should Mr Carron be defeated, the SDLP will be well placed to win the seat next time around and its behaviour this time may, in retrospect, be hailed as discretion proving the better part of valour. Should Mr Carron win, however, the SDLP would find it very difficult to run next time — a situation which could rebound badly on the party leader Mr *John Hume, undermining his* authority and possibly widening the existing rift into an outright split.

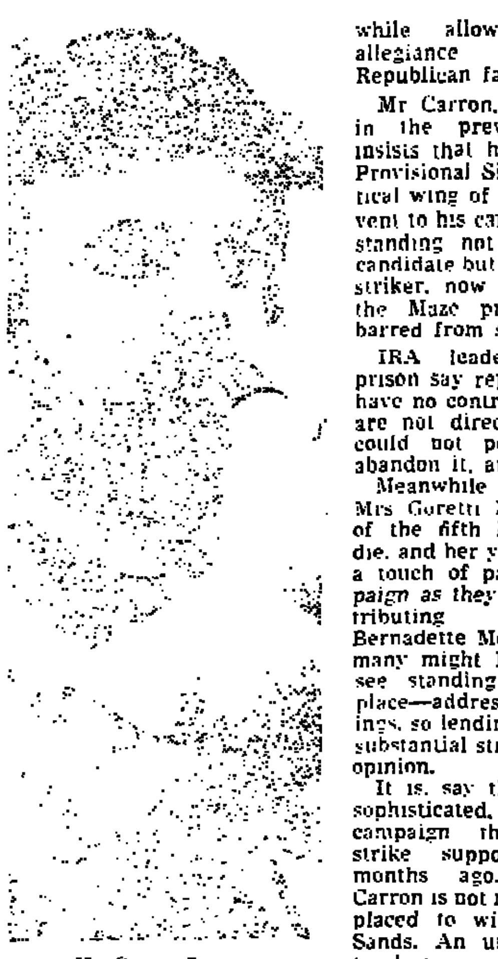
The fact that the SDLP leaders should have been forced into the embarrassing dilemma of *fighting effectively in* support of the Unionists, or abstaining, and thus ceding the centre ground to the terrorists, is a vivid illustration of the emerging political savoir faire of the IRA, and its ability to use constitutional weapons against the constitutionalists.

The election of Bobby Sands suddenly catapulted it into the vanguard of nationalist opinion. For in conferring a sort of legitimacy on the IRA, later consolidated by gains in the Irish general election in June, it outflanked the conventional politicians.

While they struggled on the pin of their own rhetoric, the IRA gathered up the coalescing support of the various *nationalist factions to a point* where it now claims however arguably, the open support of the militants and marxists and the tacit support of moderates.

Tomorrow's by-election is the first test of this alleged unity. If it holds a Catholic majority estimated at 4,000 to 5,000 will ensure Mr Carron's victory.

A small rebellion among the moderate Catholics, however, in the form of spoiled votes, abstentions or support for the Workers Party/Republican Clubs (a descendent fo Official Sinn Fein) candidate, would let in the only Unionist candidate, Mr Kenneth Maginnis of the Official Unionist Party. None of the other three candidates is expected to poll significantly.



Mr Owen Carron

The unity of the nationalist population is the only real issue being fought in this border constituency, where years of violence on both sides have produced a strictly sectarian vote. The only floating voters appear to be those Catholics who have not yet decided whether supporting convicted terrorists is too high a price to pay for keeping out the Unionists.

In wooing their vote, Mr Carron's supporters have kept in sharp focus the image of the dead and dying hunger strikers, while allowing their own allegiance to different Republican factions to blur.

Mr Carron, Mr Sands' agent in the previous by-election, insists that his membership of Provisional Sinn Fein, the political wing of the IRA, is irrelevent to his campaign since he is standing not as a Sinn Fein candidate but as a proxy hunger striker, now that those inside the Maze prison are legally barred from standing.

IRA leaders outside the prison say repeatedly that they have no control over the strike, are not directing the strikers, could not persuade them to abandon it, and so forth.

Meanwhile on the hustings, Mrs Goretti McDonnell, widow of the fifth hunger striker to die, and her young children add a touch of pathos to the cam*paign as they drive around dis*tributing leaflets. Mrs Bernadette McAliskey — whom many might have preferred to see standing in Mr Carron's place—addresses public meetings, so lending the support of a substantial strand of republican opinion.

It is, say the locals, a more sophisticated, better organised campaign than the hunger strike supporters ran four months ago. However Mr Carron is not necessarily as well-placed to win as was Bobby Sands. An unemployed school teacher, aged 28, he was unknown before he rose to prominence as Mr Sands' agent and is seen by some as an opportunist.

His humourless and repetitive manner appears calculated to discourage personal support. He lacks the mystique and stature of an imprisoned martyr and his appeal to the voters is not as urgent as before.

Last time, the rallying call was an emergency signal — vote Sands and save a life. The fact that election as an MP did not save Bobby Sands' life has made that slogan an embarrassment, although a few old posters remain, and the call for nationalist unity is necessarily a less compelling one.

The official Unionist candidate, Mr Kenneth Maginnis, is in a considerably stronger position than Mr Harry West, the OUP leader who was defeated in the April by-election by only 1,446 votes.

The unusually high number of spoiled votes at the time—3,280, compared with 283 in May 1979—is believed to have been due substantially to Mr West's unpopularity among the hardline Paisleyite Unionists in the constituency.

Mr Maginnis, a 43-year-old primary school headmaster, who has only just resigned from the Ulster Defence Regiment, in which he held the rank of major, has impeccable credentials on security issues.

Indeed, this aspect of his campaign is none too subtly underlined when he goes campaigning through the villages of Fermanagh, followed by a convoy of matey members of the Royal Ulster Constabulary and of the Special Branch,

His campaign style is brisk, genial and non-nonsense, wast*ing no time knocking on* Catholic doors or seeking to persuade the unpersuadable. He is, however, the only candidate to make any attempt to turn this into a British-style election, involving what are, for Fermanagh, secondary issues such as jobs, housing and the economy.

> "The IRA has set out to consolidate its apparent supremacy, polarise public *opinion, force the British* Government into a corner and de-stabilise the Republic"

Unlike Mr Carron, who declares he would not take up the seat at Westminster, Mr Maginnis insists he would spend at least three days a week there.

Few would claim that the by-election has anything to do with Parliamentary representation. *The decision to hold it has* already brought sharp recrimination from the Irish Prime Minister, Dr Garret FitzGerald.

Not only does he fear for the future of his coalition Government, which rests on a tiny majority; *he evidently also fears* that a resurgence of Republican violence could threaten his country's democratic institutions. Should his worst fears about the by-election be realised, a crisis in Anglo-Irish relations would be considerably nearer.

It is still entirely possible that Mr Carron will lose narrowly. This would give both London and Dublin a much needed breathing space. How severe or lasting a setback it would prove to the hunger strikers would depend on how wisely it was used.

BL workers to prepare scheme for substantial wage increases

BY JOHN LLOYD

ENGINEERING UNION officials at BL will draw up plans for a substantial wage increase tomorrow — despite warnings from the company that it may be unable to offer any rises to its 80,000 work force this year.

The company is expected to announce half-year losses of around £250m next week.

Claims already formulated by workers at a number of BL's plants are running at around 17 per cent. However, national officials of the Amalgamated Union of Engineering Workers are likely to argue that the claim should be for a "substantial" rise, to llow for *flexibility in bargaining.*

A substantial claim would be in line with the AUEW's policy, and with the claim already submitted by the Confederation of Shipbuilding and Engineering Unions to the Engineering Employers' Federation — of which BL is no longer a member.

The federation has already made it known informally to the unions that the continuing recession will mean a very low offer—expected to be under 5 per cent—when talks between the two sides begin next Thursday.

Senior AUEW negotiators discounted the letter to staff from BL, which went out at the end of last week and gave a grim outline of the company's position.

Mr Ken Cure, the AUEW executive member for the West Midlands, said: "It seems to be stretching things to say that there will be no offer. I see it as no more than the first shots in the bale. I is part of the conditioning process that both sides go in for."

It is expected that all 11 unions at BL will meet next week to formulate a joint clim.

● The AUEW executive has told Labour's front bench spokesmen on defence that it supports their position in favour of multilateral disarmament—in opposition to the official Labour Party unilateralist line.

The defence team had written to the union asking for its views. Mr Gavin Laird, an AUEW executive meber, said the union was committed to multilateralism and was opposed to cuts in defence expenditure unless there was a one-for-one job replacement programme in other industries.

Ford jobs cut plan rejected

REPRESENTATIVES OF white-collar unions at Ford yesterday rejected a scheme for voluntary redundancies among the company's 17,000 white-collar staff.

The company is to improve its existing redundancy scheme in an attempt to trim 700 office jobs.

Ford will offer a minimum of 3½ months' pay to any worker willing to go. The company *said last night that* it would go ahead with the offer, though the unions will recommend its rejection by their members.

Working pact averts plant closure threat

BY OUR LABOUR STAFF

WORKERS at the Barker and Dobson sweet factory in Liver*pool agreed yesterday to accept* new working arrangements, including a reduced lunch break and continuous production, under the threat of closure of the plant.

The company had said that *unless the changes were agreed* by Friday management "would have no alternative" but to issue 90-day notices of closure with loss of 320 jobs.

Mr. William Kenyon, the company's chief executive, said *that the new working practices* meant the difference between profit and loss.

The plan has been operating a 40-hour, 4½-day week with one hour unpaid lunch breaks. The management said yesterday that production was stopped for that hour but because of the nature of the equipment and the need to wind it down this meant loss of about two hours production.

The new working arrange*ments, already agreed in April* at the company's Bury and Nelson factories in Lancashire, involve four 9¼-hour shifts with half-hour paid lunch break.

At a mass meeting yesterday *250 members of the General* and Municipal Workers' Union "reluctantly agreed" to the management proposals by a substantial majority.

About 100 other workers had already voted in favour, but *the management said it needed* unanimous support.

Mr Les Nicholas, the works convenor, said after the meeting: "Many of our members were reluctant to accept a cut in lunch break because we had fought for a long time to get an hour's break.

"We are not lemmings, but obviously realise jobs were at stake. We knew the factory would definitely close as the management had said."

Mr Kenyon said: "I would have hated to see the factory close, but it was no idle threat. We have been losing money for more than seven years and it cannot go on.

"The new scheme will mean *our machines* will be able to run non-stop, and this is the difference between profit and loss."

Bank not to deal with third union

By Nick Garnett, Labour Staff

THE MIDLAND BANK told the Banking, Insurance and *Finance Union yesterday that* it had no intention at the moment of providing facilities for the rival Clearing Bank Union or of recognising it.

It told Bifu that it would only consider recognising the CBU *if that union had a significant* proportion of staff in membership and those members wanted the bank to recognise the CBU.

Bifu and the Association of Scientific, Technical and Managerial Staffs are recognised in the Midland. The CBU has some members in the bank and last month issued membership application forms to all the bank's branches.

Leeds textile works to close

DAVID DIXON AND SON Holdings, textile manufacturers, is to close down its woollen cloth subsidiary in Leeds with the loss of 148 jobs.

The company said the closure had been brought about by the continuing fall in orders for ladies' coating cloth, which was the mainstay of the business.

The directors saw no prospect of any upturn in interest for these cloths and the factory had been running at a loss. In the half-year ended September, 1980, Dixon recorded a loss of £137,000 for its woollen cloth division.

The group's pre-tax profit in the same period fell from £441,354 to £76,691.

MP calls probe into sit-in raid

AN INQUIRY into allegations that bailiffs used pickaxes and sledgehammers for a swoop which ended a 116-day factory sit-in has ben urged by an MP.

Mr Charles Morris, MP for Openshaw, Manchester, is asking the Lord Chancellor to investigate how the bailiffs ended the sit-in at the Laurence Scott factory at Openshaw yesterday.

One workers who was inside the premises at the time of the raid, Mr Steve Brackwell, said the bailiffs arrived with sledgehammers, axes and pickaxe handles.

Warning of rise in computer fraud

By Elaine Williams

THE LOCAL Government Audit Inspectorate warned in a report published yesterday, that the pervasiveness of computers will increase the opportunity for crime.

Following a five-year survey of nearly 300 companies, the inspectorate claims that discovered fraud involving computers total nearly £1m.

The report says the scale of computer fraud in the UK appears to be less than previously thought, but such crimes are difficult to detect.

The inspectorate says what proportion of discovered cases represent the total may never be ascertained.

"White collar crime is increasing and there is no reason to doubt that the sophisticated criminal will turn his attention to the lucrative benefits of computing," the survey says.

Most of the cases reported by the companies which took part in the survey involved feeding false information into computer files.

For example, one company lost £70,000 over a two-year *period when a supervisor in* the purchase records department set up a fictitious supplier's account.

Cheques were paid to the false supplier at an accommodation address and the fraud was discovered following an inquiry by the managements' accountant.

The largest recorded fraud involved £230,000 over two years, for a similar crime involving several fictitious payees.

Liverpool docks dispute causes ships to divert

FINANCIAL TIMES REPORTER

SIX container ships have now been diverted from the Mersey —taking away £250,000 worth of trade from the loss-making port of Liverpool—because of the unofficial action of transport drivers blockading the main en*trance of the £50m* Royal Seaforth container terminals at Crosby.

The vessels were due this week and next from the U.S., Canada, Australia and the Caribbean and would have proved a welcome trade boost to the terminals at present operating even below half capacity following the recent departure of Manchester Liners to Felixstowe, Suffolk.

The Mersey Docks and Harbour Company is considering whether to take legal action to re-open the complex.

In a surprise move last night, lorry drivers turned up and drove away 16 vehicles which had formed a barricade blocking the terminal entrance. The *picket line was then re-estab*lished outside the dock estate.

An unofficial group in the local road haulage section of the Transport and General Workers Union has organised a special "container stamp." It is issued to drivers of reputable local haulage firms with the object of keeping "cowboy" operators from poaching their work.

Both the union and the Road Haulage Association have condemned the action.

Mersey Docks shop stewards yesterday expressed sympathy with the drivers but said they would continue to handle any vehicle or cargo which entered the complex.

The dispute flared when the port police refused to allow pickets inside the dock estate to check the credentials of lorry drivers.

Mr Jack Marshall, the dock company's port services director, last night said the drivers' closure of the terminals to container movements reduced the "tenuous employment prospects of all who work in the port" and endangered one of the main pillars of their own trade."

● The resumption of negotiations at the Liverpool Port Modernisation Committee on the annual pay award for the 3,500 dockers on the Mersey will depend on a meeting of the 100 shop stewards today.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

Schedule D and Schedule A

I have a furnished holiday property overseas, which I use four weeks of every year and also let, for about 16 weeks, to people from Britain. Allowable expenses invariably exceed receipts, otherwise net income would be taxed presumably under Schedule D. Also I have an unfurnished property in the UK which is let on a regulated non-repairing weekly tenancy. Receipts from that invariably exceed allowable expenses, and the net income is taxed under Schedule D. As Schedule D concerns both properties could they be dealt with for tax purposes on a consolidated basis for both properties showing a single net income or outgoing? That not being possible then could you quote the cases of Schedule D which apply and the types of income/profits which the losses of the overseas property could be set off against?

Unfortunately the answer is no. Your overseas furnished letting falls within the scope of case V of schedule D, but your UK unfurnished letting falls within the scope of schedule A. If the UK property were let furnished, it would fall within the scope of case VI of schedule D, subject to your right (within a two-year time limit) to elect to have the assessments made partly under Schedule A and partly under case VI of schedule D. Case V of schedule D is subject to the notorious complications of the preceding-year basis of assessment, but case VI is not; schedule A assessments are made provisionally on a preceding-year basis, but are later automatically altered to the true figures. You will find general guidance through this maze in a free booklet, IR27 (Notes on the taxation of income from real property), which is obtainable from most tax inspectors' offices. A further regrettable difference between case V and case VI of schedule D lies in the absence of any statutory relief for case V losses (except in relation to certain types of earned income). By extrastatutory concession, however (with effect from July 29 1977), a loss from letting property overseas may be carried forward and deducted from subsequent income from the same property.

Your confusion is the result of the unfortunate practice of the Inland Revenue of failing to state whether income tax assessments are made under schedule D or schedule A (or both).

Cheque safety

I refer to the reply under "Cheque safety" (Business Problems July 8) and wonder if you could clarify two points regarding the answers to question 1a and 2. The reply to 1a refers to "the bank." Does this refer to the collecting bank or the drawee bank? The reply to question 2 suggests that the debt is discharged when the creditor's account is credited with the moneys on collection of the cheque. What happens if the cheque is subsequently returned unpaid by the paying banker? Or indeed what is the position if the cheque is lost in the course of collection?

1a—The drawee bank; but it may have a claim over against the collecting bank.

2—In the circumstances which you postulate a question may arise whether the creditor's banker is entitled to correct the entry which credited the sum to its customer. This may raise issues of negligence and estoppel—and each case would have to be assessed on its own particular facts.

Appeal on rates

Under "Appeal on rates" (Business Problems, July 15) you say that while no appeal lies in respect of the refusal of discretionary relief from rates on empty parts of buildings "one can nevertheless resist proceedings for recovery of rates on suitable grounds, so that such a hearing may be tantamount to an appeal." Could you please explain how this works?

The proceedings which would be brought against you would be a complaint in the magistrates' court seeking leave to issue a distress warrant. It is possible to resist such proceedings (i.e. raise an objection to the issue of a distress warrant) on the ground that you are not in rateable occupation: see *R v London Justices (1899)* 1 Q.B. 532, 539 (last paragraph).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Sails and ships and . . . seed-drills

Nicholas Leslie reports on how minor adjustments to its course have steered an old-established company into unusual areas

JOHN SCRUTTON is not an obvious industrial leader. Quiet, and on first acquaintance a little hesitant, his background would appear to have been in some calm commercial backwater.

Yet, as chairman of a diversified private engineering group that has its roots in the latter part of the 18th century, Scrutton is in the thick of manufacturing industry. His company, Coubro and Scrutton, is feeling the pinch in the current economic climate, like most others in its sector. But Scrutton is surprisingly optimistic about his company's ability to cope.

His attitude seems to rest largely on his decision to mitigate the effects of declining or slackening markets by moving rapidly into others, whatever the competition.

Scrutton has a simple philosophy: "Of course I worry like hell about the competition, but at the end of the day you have got to fight for your own corner."

Scrutton has been fighting for a number of corners in the 17 years he has been a director of C and S, and particularly in the eight years since he has been chairman as well as managing director.

Radical

The venture currently testing the group's stamina most keenly is a new type of agricultural seed drilling device. The principle involved—sowing a pre-germinated seed—is very different from that of conventional seed drills, a factor which is making it hard for the company to sell to a market that is notoriously loath to accept new ways of doing things.

That C and S should be attempting something so radical as this is rather surprising. So often, long-established private family companies find themselves trapped in tradition with products that are in decline and with nothing really new to replace them.

But C and S has a history of steady, if not particularly radical, innovation. This has taken place, especially in more recent times, within a company framework that allows ideas to be spun off into separate new subsidiaries so that maximum effort can be directed at making them succeed.

Though the process has led to the successful diversification into a variety of new markets, several of these are now suffering badly from the recession—a situation which must be putting managerial resources under considerable pressure.

Another unusual aspect of C and S is that it has alternating chairmen. One year it is John Scrutton, the next it is Jack Ladeveze, who represents the Linder family trusts (the Linders, all of whom have now died, were the other main family in the company).

C and S traces its beginnings to a small London-based shipping business that existed in the 1790s. But for the major part of the 19th century ships' stores were the dominant activity, although this was supplemented by moves into the manufacture of sails, masts and fittings from the 1850s onwards. Nautical lifting gear was also developed, a move which later enabled the company to shift its lifting operations on to land when shipping went into decline.

The company—still London-based but with subsidiaries around the UK—has certainly made some propitious moves. It spotted the similarities between the erection of ships' masts and the newly-emerging radio masts in the early 1900s and so efforts were made to get into this business. It was a Linder who designed and had erected by C and S at Newhaven in 1903 the radio mast with which Marconi established his cross-Channel radio service.

Having developed this expertise, the management then decided that the antennae attached to the radio masts offered scope for further diversification and so fabrication of these began. This has since become a cornerstone of the group, with efforts concentrated on specialist areas of the market, such as major masts and antennae for broadcasting companies and smaller high frequency equipment for such markets as radio controlled taxis. The potential for citizen's band radio is also being monitored, though opposition among enthusiasts to the Government's proposed system is holding C and S back for the time being until the picture becomes clearer.

But it was 1968 that proved a major turning point for C and S. In that year an outside bid was made for British Paints, a company in which C and S had a long-standing investment. It was decided to use the money realised from the sale of this stake to reorganise the group on the more modern lines of an industrial holding company, setting up a parent company and separating various activities into individual subsidiaries.

Roger Taylor

John Scrutton (left) and Jack Ladeveze, Coubro and Scrutton's alternating chairmen, with an antenna developed for use by the army.

Scrutton describes the pre-1968 set up as a "ragbag of ships' stores, with a rigging company which had evolved as a result of the changing structure of ships." There was also the lifting gear business, both marine and industrial.

The strategy behind the development of the lifting gear business from that point went something like this, according to Scrutton: almost every factory has some form of crane which by law must be maintained at a given standard and regularly tested. It was felt that there was scope for C and S to develop a specialist company to do this work across the country.

So a separate company was set up embracing the existing business, and this was subsequently strengthened by the acquisition of three small specialist companies.

Today, in addition to making a range of light industrial cranes, the subsidiary has more than 1,000 items of lifting equipment such as special clamps, grabs, chains and other equipment needed to "put between the crane and the object to be lifted," as Scrutton puts it.

More recently, C and S has been employing computer-aided design systems in this area to make, for example, specialist products both to lift and secure containers to be transported by sea.

Along with the bolstering of lifting gear activities in 1968 C and S also consolidated its position in radio masts and antennae with the purchase of Precision Metal Spinnings. "We were looking for a facility to make large parabolic reflectors," says Scrutton. This means that C and S as a group increased its capacity for making dishes from 12 ft to 40 ft diameter.

But the added attraction of PMS was its metal fabrication activities, which broadened C and S's product base into milk tanks and holloware such as buckets. Though this proved a good move in the medium term, the bottom fell out of the market last year when the Government withdrew farming grants. "There's nothing like that sort of event to sharpen the mind," says Scrutton.

The result was a move into manufacturing cream and brewery transport tanks, the latter decision having arisen as a consequence of changing drinking habits, says Scrutton. Today, the demand is for a greater variety of beers. As a result, the different beers are transported in smaller tanks rather than in vast bulk.

C and S's search among the markets also took it into a perhaps totally unexpected area—the design and manufacture of atomic waste-sorting cabinets. Though these moves were made rapidly the gap left in the milk tank market could not be filled quickly enough for redundancies to be avoided in this subsidiary.

Two other diversifications are at the moment causing problems. Nine years ago C and S bought L. C. Bennett, a plant hire company specialising in fork lift trucks. Though plant hire may seem rather removed from other group activities, Scrutton suggests that it is, in fact, complementary to lifting gear. He also believes that, while the current depressed climate has seen demand for plant hire generally take a dive, Bennett is a little better placed because of its more specialist products.

The other activity suffering from depressed demand is Precision Grinding, a machine tool company bought in the mid-1970s which Scrutton reckoned was attractive because the tools were competitive and a range of instruments it also made were low priced. He maintains the company did "very well" until it hit a very difficult patch as a result of the total collapse of UK industrial investment.

Scrutton's commitment to spinning off new activities into separate companies stems from his belief that any company reaches its optimum size when it has at most 300 employees. "If you have more than this number the personal communications I feel are necessary will break down," he says. Though the main C and S company has a total of 900 employees, this is split into units of no more than 200 each.

Also, he reckons that the management of a company cannot be totally committed to its main business if it is preoccupied with developing a very different product. For this reason the seed drilling activities were split from the Precision Metal Spinning subsidiary into a new company called Fluid Drilling.

The idea of the Fluid Drilling process is that seeds, be they for carrots, cabbages and other such crops or for, say, trees, are pre-germinated, and then planted by means of a seed drill that simultaneously injects a liquid fertiliser. The development of this product has taken seven years so far and is still incurring losses. Scrutton concedes that, if C and S were a public company he might find it hard to justify the continuing cost of such a development, but suggests that this is one of the advantages of being private.

Rejection

By the same token, though, he reckons that private status, together with a history stretching back into the 18th century, has developed a commitment to keeping his group of companies intact. He is, therefore, very loath to trim back a company or close it down or sell it. When he buys something, it is with development in mind, not merely the absorption of the most useful pieces of a company and the rejection of the remainder.

Scrutton's commitment to his group's developments was in evidence at the recent Royal Show at Stoneleigh, in Warwickshire, where Fluid Drilling put its machine through its paces in the hopes of persuading British and foreign farmers that they are witnessing the birth of a system that can provide them with uniform produce and greater certainty of yield. But, as with other parts of the group, the going is quite likely to be tough.

TECHNOLOGY

EDITED BY ALAN CANE

Personal IBM secret revealed

As much fun at home as in the office, the IBM personal computer can be used by children to explore music or put to use to control the family budget.

LOUISE KEHOE REPORTS ON THE IBM PERSONAL COMPUTER

A VERY big fish has jumped into the small but growing pool of personal computing. IBM, announcing its first personal computer product in New York, has broken away from its traditional market to enter a field so far dominated by much smaller consumer specialist companies like Apple, Commodore, and Tandy.

Perhaps surprisingly, IBM is not seen as a predatory shark by established personal computer makers. Rather, they hope that the heavyweight will raise the water level a bit to give everybody more business.

Initial reactions to the IBM personal computer (it has no other title) from industry analysts were very favourable. The product looks good, the specifications sound right and the price is low.

IBM has taken a step forward in personal computer performance by basing its system on a 16-bit microprocessor, rather than the 8-bit micros used in machines like the Pet, Apple and TRS 80s. The Intel 8088 which is at the heart of the IBM personal computer is, in fact, halfway between being a 16-bit and an 8-bit processor.

Inside, the chip has 16-bits capability, but it puts out only 8 bits. What this means is that it has a higher performance than any 8-bit processor, but it is not as fast as a true 16-bit device.

The IBM personal computer hardware has one attractive difference from most other systems in that the keyboard unit is separated from the processor control. This allows the keyboard to be shifted around easily on the desk top like a portable typewriter.

Memory

The processor unit incorporates two slots for disc drives, which are options. 40K of built in read only memory is included. User memory in RAM can be 16K to 256K. The monitor offered for the system has a monochrome 11½-inch screen which displays 25 lines of 80 characters.

The printer is an 80 character per second dot matrix printer which can work in two directions. This is not a so-called "letter quality" printer, but it does offer an acceptable print out for most uses.

The IBM machine is aggressively priced, starting at $1,500 for the basic computer system with a keyboard that can be plugged into a black and white or colour set and use cassettes for external program or data storage.

A more elaborate system with its own display unit, expanded system memory and a single disc drive would cost about $3,000. For business applications, a system with two disc drives and a printer added is priced at around $4,500.

By offering an expandable system, IBM aims to have the right system for every type of personal computer user. "This is the computer for just about everyone who has ever wanted a personal system at the office, on the university campus or at home," said Mr C. B. Rogers junior, IBM Vice-President and Group Executive, General Business Group.

IBM will start making deliveries of the personal computer in the U.S. and Canada in October. So far, IBM has not commented on its plans to sell the machine outside the U.S. and Canada. However, the company can be expected to offer the machine in Europe soon.

In the U.S., IBM is adopting a new policy to marketing for the personal computer. The machine will be for sale in retail computer chain stores such as Computorland, and the new network of office equipment shops which is being built up by Sears Roebuck, the department store. IBM has also set up its own sales unit for the personal computer.

Another unprecedented move for IBM is that, uncharacteristically, the computer giant has opened up the software market for the system.

It is encouraging users to develop applications packages for the machine and offering to publish those which it approves. To get the ball rolling, IBM employees are being offered incentives to purchase the machine and develop software in their spare time. This, says IBM, will help to build up a large library of application software for the machine.

Program packages already available for the IBM machine include EasyWriter, a word processing package oriented towards authors, and accounting system, Visicalc, the financial analysis and budget planning package, and Microsoft Adventure, a games package.

In a move calculated to speed up the availability of a wide range of software for the personal computer, IBM has contracted with independent software houses in the U.S. to adapt two widely-used operating systems for use on the personal computer.

The operating system is the software that controls the behaviour of the processor, acting rather like a traffic cop, sending tasks here and there in the correct order.

Digital Research and SofTeck Micro will develop new versions of CP/M86 and UCSD-p system for the IBM personal computer. When these are available it will mean that thousands of applications software packages that work under these operating systems can be used on the IBM machine.

According to U.S. industry analysts, the initial impact of the IBM computer will be to increase sales of all types of personal computers. "This will make a lot of people who have been sitting on the fence decide to buy" suggests Ralph Gilman, senior analyst at Dataquest.

IBM can expect company in the personal computer market soon from its more traditional competitors, points out Bruce Richardson an analyst with the Boston-based Yankee Group. Several Japanese firms, such as Hitachi, Toshiba and NEC, are expected to enter the U.S. market, says Richardson. Digital Equipment Corporation also has plans for a personal computer, he believes, although this is at least a year away.

Xerox, the first of the big computer makers to enter the personal computer field has been very successful with the 820 system which it introduced in June. Retailers in California are selling more Xerox machines than Apple, says Jean Gates of Gnostic Concepts, a consulting firm.

Suffer

Gates, who has recently completed a survey of American computer retailers suggests that Apple, the current market leader, may suffer badly when the IBM machine comes into the shops.

"Apple is vulnerable" she points out. "The Apple II is towards the end of its product life cycle. Most users need to add extra circuit boards to make the system do what they want. The Apple III has some problems and the Apple IV—Apple's rumoured 16-bit computer—is not here yet.

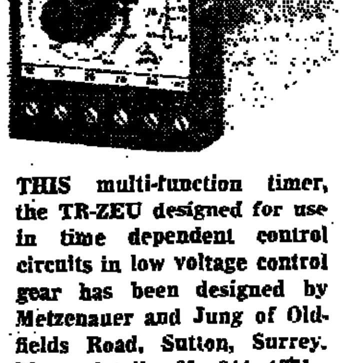
Richardson, at Yankee Group disagrees. "Apple has been expecting this. The Apple IV will be out in the first quarter of next year," he predicts.

. . POINTERS . .

Level check platform

A LEVEL check platform intended as a contents gauge for automatically topping up containers containing, say liquid nitrogen cryostats to replace contents caused by evaporation has been introduced by Planer Products, Windmill Road, Sunbury-on-Thames, Middlesex.

It consists of a hinged platform, the deflection of which caused by the load is restrained by springs. Movement of the platform against the springs is measured by a linear transducer which gives a signal to an electronic circuit. The platform is designed for loads up to 112 kg. More on Sunbury 86262.



THIS multi-function timer, the TR-ZEU designed for use in time dependent control circuits in low voltage control gear has been designed by Metzenauer and Jung of Oldfields Road, Sutton, Surrey. More details 01- 644 4371.

Multidrop multiplexers

A NEW family of "multidrop" statistical multiplexers for data communication applications has been announced by Codex of Croydon, Surrey (01-680 8507). The 670 series of multiplexers allow several "dumb," asynchronous terminals in up to eight locations to share a single four-wire leased line, thus reducing both line and modem costs.

The new units are meant for applications where a number of terminals, each with low computing requirements, must share a central computer from many remote locations.

Doulton moves into the waste water

By Alan Cane

DOULTON INDUSTRIAL PRODUCTS has developed an adsorbent material for which it claims unique capacity to remove poisons and impurities from drinking and waste water.

Just as a medical doctor, with neither the time nor the resources for fuller investigation, hits an illness with a wide-spectrum antibiotic, so Doulton reckons that an industrial company can use its new material "Roydasorb" to beat a wide spectrum of impurities in waste water.

Mr Jeff Parkes, manager of the water treatment division of Doulton, points out that as techniques for the detection of impurities, such as the heavy metals lead, cadmium and mercury, improve, so will national and international regulations setting out the concentrations of these substances a company can discharge to the environment.

Companies with only one undesirable substance in their waste can "tune" conventional adsorbents to deal with the problem. But most chemical and industrial firms discharge a wide variety of organic and inorganic wastes.

This is where Royasorb is reckoned to score. It is neither activated charcoal nor pure inorganic filter but a composite structure, some 90 per cent of which is based around calcium hydroxyapatite, the rest being carbon based.

This gives, according to Mr Parkes, a very complex molecular and chemical sieve which effectively traps molecules of widely different sizes.

It can be used to remove lead cadmium, mercury, iron, manganese, aluminium, zinc, silver, dyestuffs, phenols, detergents, chlorine and organics causing colour, taste or odour.

The substance can be supplied as granules or as a fine powder for gravity-fed filter beds or pressure beds.

Doulton also offers a package service, best exemplified in its domestic water lead removal system for the estimated 40 per cent of British households which still have lead plumbing.

The Doulton package, about the size of a roll of kitchen tissue, is connected to the mains supply and provides water with only a tenth of the EEC maximum acceptable level of lead through a third tap.

The domestic system costs £49.75 plus £26 for a replacement cartridge once a year. Industrial prices on application to Doulton, 0785 818733.

Electronic oil-flow control

REMOTE, fingertip, electronic control of oil flow in hydraulic systems is attainable with components from Integrated Hydraulics, of Leamington, Warwickshire (0926 38211). The company's RMC-100 series will control the output of one or more hydraulic flow-control valves, in either discreet steps or infinitely variable form.

The series has particular applications for manufacturers of hydraulically-operated mobile plant and machinery, because an electronic controller can be dashboard-mounted. This keeps flow control valves and related piping out of the cab.

How to beat the snooper

UNOBTRUSIVE and continuous protection against eavesdroppers is claimed for a new range of developments by Argen the London security company. Electro-magnetic shielding, masking of audible transmissions and security devices on communications are all designed to beat the industrial bugs in boardrooms.

LOMBARD

Why sterling needs the EMS

BY NICHOLAS COLCHESTER

BRICK BY BRICK the arguments against the pound sterling joining the European Monetary System have been dismantled while the advantages become more apparent. This week's critique of the Government's economic policy by three dissident professors, which included advocacy of the exchange rate as a target for monetary policy, is the newest spur-prick urging the reluctant Government in this direction.

Attraction

The first attraction of the EMS today is to take a step away from the unexpected degree of volatility which has undermined the theoretical niceties of freely floating exchange rates. It is evident that a combination of Opec surpluses, economic policies which treat interest rates as a residual, the rapidity with which information flows across a global market, and the ease of trading have all greatly increased the speculative surges which afflict currency rates.

EMS membership would not do away with today's greatest variation, the resurgence of the dollar against European currencies. But within an area which now accounts for over 40 per cent of British exports it would re-assert Government willingness to put a damper on private market forces. It would give British industry a little more confidence in its prices and margins abroad.

The other advantage still appears heresy in Whitehall. The practical problems of monetarism have prompted a growing number of voices to suggest that the exchange rate may be a more reliable star by which to steer monetary policy than the monetary aggregates on which the Government has concentrated so far.

The distortions produced by the banking "corset," the grey area between money and near-money, the statistical black-out caused by the civil servants' strike, the unanswered question of the importance of offshore sterling deposits—all of these have undermined the credibility of the monetary experiment. Money, it seems, can only be seen through a glass, darkly, whereas the exchange rate looms face to face.

This immediately raises the question of loss of sovereignty, the most basic argument against membership of the EMS, which asserts that a fixed rate currency system deprives the Government of its right to decide upon the rate of issue of its coinage. Yet monetarism itself implies that a Government foregoes some of this aspect of sovereignty, by submitting itself to monetary guidelines or to the principles of a central bank. So long as the EMS is dominated by the self-discipline of the Bundesbank, the obligations of membership amount to another route to monetary control.

This argument becomes more convincing as the special factors which have bolstered the sterling rate fall away. The recent weakness of the oil market has taken the gloss off sterling's petrocurrency status, not merely because the price of oil has come down for a while, but also because recent statistics suggest that energy demand in the industrialised countries now responds to the oil price with encouraging speed. Exchange controls, another factor which accounted for an indefinable amount of over-valuation of sterling when the EMS was *launched*, *have since* been removed and the pent-up outflows of investment released.

Weakness

After sterling's fall from $2.40 to $1.80, it is the potential weakness of sterling which is now worrying, not its strength. Under these circumstances the obligations of EMS membership will reinforce the British Government's economic policies: intervention in the currency markets will tend to restrain money supply growth, and support for sterling will fend off imported inflation.

There is mounting pressure for an EMS re-alignment. The Bundesbank is torn between its desire to hold the D-Mark's level up with the Reaganite dollar and down, in the EMS, with Mitterrand's French franc and the troubled Belgian currency. The coming shake-up should provide the pound sterling with an ideal chance to take up a position in the EMS at a defensive central rate of DM 4.25 against a revalued D-Mark.

A last fling of summer colour

GARDENS TODAY

BY ROBIN LANE FOX

FROM NOW on, almost every keen gardener relies on dahlias to cheer up his garden. This year, I am an exception. The mild and wet winter caused my stock of old tubers to rot in their shed, so I have learnt not to store them in too deep a box of earth, a frequent mistake. Instead, I am relying on some *equally tender plants for a last* fling of summer colour.

Dahlias are a British speciality, the sort of flower which is never seen to such effect in warm parts of Europe. But it is not the only family *which likes to be lifted in late* autumn and stored for the winter. If you know how to grow dahlias, you can grow other flowers whose colours are purer and just as striking. They are seen at their best in Mediterranean gardens, but further north, we have been slow to give them a fair run.

From August onwards, anybody can pack a border with yellow or orange flowers but the pure reds and blues are harder to find. The most sensational red belongs to a lobelia. This will surprise those of you who grow the blue annual, a common plant but one of which I am extremely fond. It has such a generous manner and can be used informally, not just as a plant for straight lines and edges. The scarlet and crimson lobelias are not as easy but are even more magnificent.

The plain form usually sold as Cardinalis is very good, and this year I find it has the added virtue of germinating easily from seed sown during spring in a warm frame. A packet can give you about 20 plants which will grow into a serious block of colour in a border after two years. Nurseries price these *fine lobelias as if they were* rarities, so I am glad to discover we can all grow our own for next to nothing.

Lobelias are not beginners' plants but they are hardly more difficult than dahlias. They will not survive a winter outdoors in most gardens, so I would not suggest that you should try to protect their roots with bracken or the like. It is wiser to lift them in early November and store the roots until spring in a shed or frame.

Oddly, lobelias like to be damp throughout their growing season. Failed lobelias have almost always dried out in summer, so they *fall forwards and never* grow higher than a foot or two. Well-grown plants must be kept in a damp soil, but not necessarily in shade. This is not the easiest combination of needs, but if you lack the damp patches of my badly-drained garden, you can do much to please lobelias by watering them heavily and often. The wetter they are, the richer their leaves and flowers.

I have no time for most plants with brown leaves, but this lobelia matches deep scar*let flowers to a purple brown* background. They look more exotic against this dark setting. When wet and happy, they will grown about three feet tall, so I would like to see them next to a big group of pale blue Michaelmas daisies with a run of clear white violas in front of them.

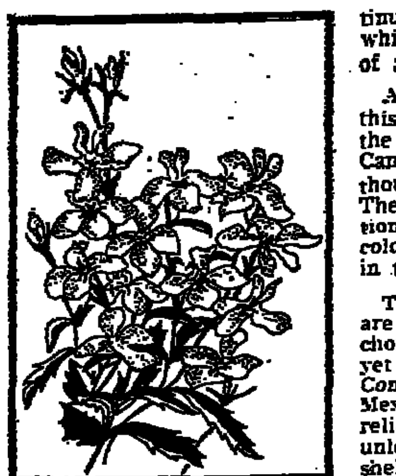
A group of five lobelias makes a strong impact, but on the Continent I have seen whole beds massed with this lovely red plant and thought them very handsome. They would have to be one of the *mainstays* in a red flowered border.

Some good forms of lobelia *have* been bred by *recent* fanciers, but seem to have dropped out of the market. These range into pink, purple-blue and a beetroot crimson, but the plain form sold as Cardinalis, though correctly known as Fulgens, is as fine as any.

It is worth dead-heading the main spike to prolong the season. These plants never looked better than in the gardens at East Lambrook Manor, where that astute gardener, the late Mrs Fish, took pains to place them near waterbutts or along *the banks of a stream*. I remember a rich flight of fancy in her writings where she prizes the red lobelia for the glow of the late evening sun on its plum-coloured leaves and crimson flowers. She thought their flowers made the garden seem set with jewels. I am still living in hope.

I rarely have kind words for a salvia, but I would like to dwell on the lobelia's natural pair, the tender Salvia Patens whose flowers are a vibrant deep electric blue. There are no hidden traps to this lovely plant, except that its roots must be lifted like a dahlia's if you want it to survive the winter. If the seed is sown in spring, it will start off a collection by germinating freely at little cost. By their second year, the roots support a strongly-flowering plant and can be divided into *many pieces for the future*.

I would agree that the flowers are not the most prolific in the family, but the main spike is such a pure colour that a few plants will go a long way. They



The lobelia: against a dark setting, it looks exotic

reach a foot and a half when happy and persist for many weeks with their unusually shaped flowers, tapered like a thin snapdragon with lips.

The old roots are less willing to flower freely after a second year, but I have found that cuttings will root with the greatest ease and keep the strength up from year to year. Take them *off the side-shoots in autumn* and put them in a frost-proof frame or shed during winter. This brilliant salvia takes over when my favourite hardy flax is starting to run to seed, continuing the streaks of pure blue which are one of the marvels of a flower garden.

At Hidcote recently, I saw this blue salvia *matched with* the denser spikes of the white Campanula Ivory Bells and thought them a well-chosen pair. They like the same dry conditions and set off each other's colour at the same height and in the same season.

These salvias and lobelias are familiar plants. My final choice for autumn lifting has yet to make its popular name. *Commelina* derives from Mexico I believe. It is not reliably hardy in most gardens unless you happen to have a sheltered and dry south wall. But it grows freely from seed and ought to be tried by adventurous readers.

You can grow commelina as a half hardy annual, but I have decided to lift it for next season and let it run among the pink Nerine Lilies of early autumn where its gleaming *blue* will be in its element. Few gardens grow it, but if conditions are hot and dry, the commelina is as simple as a dahlia. If you can lift the one, you can lift the others too for the winter. I prefer it to those shaggy dahlias of mauve, strong pink and pom-pom purple. It is cheaper and no bother, so I hope more of you will give it a chance.

Capstan may steal the day

RACING

BY DOMINIC WIGAN

THE OPENING programme of York's three-day August meeting proved as absurbing as everyone had anticipated and remarkably there is, arguably, an even more fascinating schedule for today.

This afternoon's card boasts the Voltigeur Stakes, the Lowther Stakes, the Tote-Ebor, and the Convivial Stakes, and it ranks with any mustered for the four days of Royal Ascot.

Although the Tote-Ebor is generally the race the York executive looks to to draw the crowds to the Knavesmire on the second day, the most intriguing events (particularly *with the future in mind*) are the Lowther and Great Voltigeur. Circus Ring meets some promising fillies in the Lowther *starting at about 3-1 on*, while Glint of Gold has, among others, stable companions, Capstan and Little Wolf, to beat in the Great Voltigeur.

No two-year-old filly has *caught the imagination in quite* the way that Circus Ring has for many a season, and there will be plenty of downcast faces if she comes unstuck in the Lowther.

The seven-lengths winner of a division of Newmarket's Princess Stakes on her debut, Michael Stoute's filly followed up in even more devasting style at Ascot 45 minutes before the King George VI, running out a 10-lengths winner of the Princess Margaret Stakes

Although that race was run on fast ground and the previous one was on going on the firm *side of* good, Circus Ring is unlikely to be troubled by further rain.

The unexpected improvement *in the going*, following yesterday morning's rain, will be particularly appreciated by Luca Cumani, whose Triple Tipple should be the one to follow home the favourite.

Glint of Gold won the Grand Prix de Paris "with complete authority," according to Raceform's on-the-spot observer, and will doubtless, start favourite for the Great Voltigeur.

He may well oblige, but I would rather back the lightly raced and fast-improving Capstan, Last time out, Carson's mount did particularly well to hold off Castle Keep at Goodwood.

YORK

2.00—Filao**
2.30—Circus Ring
3.05—End Of War
3.35—Capstan***
4.10—Miss St. Mawes
4.45—Russian George
5.15—Sanjarida*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.20 The Wombles. 9.25 Jackanory. 9.40 Godzilla. 10.05 Take Hart. 10.25-12.50 pm Cricket: NatWest Bank Trophy (semi-final). 1.12 Regional News for England (except London). 1.15 News. 1.30 Fingerbobs. 1.45 Cricket: NatWest Bank Trophy (semi-final). 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Lassie. 5.05 Newsround. 5.10 Grandad.

5.40 News.
5.55—Nationwide (London and South-East only).
6.20 Kick Start 81.
6.50 The Wonderful World of Disney.
7.40 The Dick Emery Show.
8.15 Marti Caine.
9.00 News.
9.35 Shoestring.
10.25 Cosmos
11.20 A Little Night Music
11.50 News Headlines.
11.52 Athletics .. (highlights) from Zurich.

All Regions as BBC-1 except as follows:

Cymru/Wales — 1.45-4.20 pm Cricket: NatWest Bank Trophy and Golf: 1981 West Park Welsh Professional Championship. 5.10-5.40 Animal Magic. 5.55 Wales Today. 6.20 Tom and Jerry. 6.25 The Wonderful World of Disney. 7.10 Newddion. 7.15-7.40 O Dro I Dro. 11.20 West Park Welsh Professional Championship (highlights).

Scotland — 9.35 am The Wombles. 9.40 Cheggers Plays Pop. 10.00-10.25 Think Again. 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.40 News Headlines; News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News Headlines; News and Weather for Northern Ireland.

England—5.55-6.20 Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00-11.25 Play School.
1.20-1.45 pm and 4.20-4.50 Cricket: Natwest Bank Trophy (semi-final).
4.50 Open University.
6.55 Six Fifty-Five Special.
7.30 Mid-evening News.
7.40 Sandor Vegh Masterclass.
8.10 The Body In Question by Jonathan Miller.
9.00 Rhoda.
9.25 Top Crown.
10.10 Festival 81.
10.45 Newsnight.
11.30 Cricket: Natwest Bank Trophy (semi-final) highlights

LONDON

9.30 am Larry The Lamb. 9.40 The Legend of Haein-Sa. †10.40 "Nurse on Wheels," starring Juliet Mills. 11.50 Beany and Cecil Cartoon. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 The Music Of Man. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Play It Again. 2.00 Live From Two. 2.25 Racing from York. 3.50 Now You See It. 4.20 How. 4.45 Quest of Eagles. 5.15 Here's Boomer.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Sapphire and Steel.
7.30 Coronation Street.
8.00 The Big Top Variety Show.
9.00 Best Sellers.
10.00 News.
10.30 Best Sellers (continued).
11.20 The Monte Carlo Show.
12.20 am Close: Sit Up And Listen.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am European Folk Tales. 9.40 England, Their England. 10.10 Thunderbirds. 11.00 Cartoon Time. 11.10 The New Fred and Barney Show. 11.35 The History of the Motor Car. 1.20 pm *Anglia News*. *6.00 About Anglia*. 11.15 It's a Musical World. 12.15 am The Big Question (discussion on whether suicide is ever justified).

ATV

9.30 am Salaway. 9.50 Circus. 10.15 Contrasts. 10.40 ATV Picture Palace. 1.20 pm ATV News. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 11.15 ATV News, 11.20 The Decline of Work?

BORDER

9.30 am Untamed World. 9.55 George Hamilton IV. 10.20 Thunderbirds 11.10 Wilderness Alive. 1.20 pm Border News. 5.15 Bygones. 6.00 Lookaround Wednesday. 11.16 The Sound of . . . Vizzion. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather 5.15 Out of Town. 6.00 Channel Report. 6.10 Ladies First. 10.28 Channel Late News. 11.15 Police Surgeon. 11.40 News and Weather in French followed by Epilogue.

GRAMPIAN

9.50 am *First Thing*. *9.55 Alphabet—The Story of Writing*. 10.25 240 Robert. 11.15 Beyond Westworld. 1.20 pm North News. 5.15 Welcome Back Jotter. 6.00 Summer at Six. 11.20 About Gaelic. 11.50 North Headlines and Area Weather Forecast. 11.55 Hear, Here.

GRANADA

9.30 am Wildlife in Crisis. 9.50 Circus. 10.15 Wednesday Matinee: "Africa—Texas Style!" starring John Mills. 1.20 pm Granada Reports. 1.30 Emmerdale Farm. 5.15 Think Tank. 6.00 Granada Reports News. 6.05 Remember, Remember. 6.25 This Is Your Right. 11.15 Sky in Concert. 12.10 am The Odd Couple.

HTV

9.45 am The World We Live In. 10.10 Young Ramsay. 11.00 Sesame *Street*. *1.20 pm HTV News* 1.30 The Electric Theatre Show 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Laverne and Shirley. 11.15 Manscape.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Fialabalam. 4.45-5.15 Sion Bili. 6.00 Y Dydd. 6.15-6.30 Report Wales, 11.15-12.15 am Muscle Madness.

SCOTTISH

10.00 Sesame Street. 10.55 Mary Chipperfield and Friends. 11.10 Charlie's Angels. 1.20 pm News Headlines and Road and Weather Report. 3.50 Survival. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.30 World Worth Keeping. 11.20 Late Call. 11.25 Willie Dixon and the New Generation of Chicago Blues.

SOUTHERN

9.30 am Animated Classics. †10.25 "Runaway Bus," starring Frankie Howerd. 11.30 Out of Town. 1.20 pm *Southern News*. 2.00 Houseparty. 5.15 Dick Tracy Cartoon, 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Midweek (South East area only), 11.15 The New Avengers.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. *9.30 Survival* Special. 10.20 Crown Green Bowling. 10.45 The New Ed Allen Show. 11.10 Rockstage. 1.20 pm North East News. 1.25 Where the Jobs Are. 1.30 Superstar Profile. 5.15 The New Fred and Barney Show. 6.00 North East News. 6.25 Northern Life. 10.30 North East News. *11.20 Portraits of Power*. *11.50 Take It From the Top*.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster 6.30 Family Matters. 10.29 Ulster Weather. 11.15 Sounds of Stan Barker, 11.30 Bedtime.

WESTWARD

9.40 am Sesame Street. 10.40 Hands. 11.05 Village Action. 11.30 Razzmatazz. 11.55 Wattoo Wattoo. 12.27 pm Gus *Honeybun's Birthdays*. 1.20 Westward News Headlines 5.15 Out of Town. 6.00 Westward Diary. 10.32 Westward Late News. 11.25 Police Surgeon. 11.50 Faith for Life. 11.55 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am World Fairy Tales. 9.40 From the Wolds to the Sea. †10.05 "Hungry Hill," starring Margaret Lockwood and Dennis Price. 11.45 Blowhard. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 5.15 Mork and Mindy. 6.00 Calendar (*Emley Moor and Belmont editions*). 11.15 Chopper Squad.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London 1458kHz, 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Mike Read 9.00 Simon Bates. 11.00 Paul Burnett with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Steve Wright. 2.30 Dave Lee Travis 4.30 Peter Powell 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 6.00 pm David Symonds with Much More Music (S) (joins Medium Wave at 7.30 pm). 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Steve Jones (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Bob Kilbey (S). 2.00 pm Ed Stewart (S) including Racing from York 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 Cricket Special. *7.30 David Symonds with Much More* Music (S) (continued from VHF) 8.00 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days. 9.15 Among Your Souvenirs (S). 10.00 Stop the World. . . . 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight from The Edinburgh Festival. 1.00 am Trucker's Hour (S). 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Com*poser: Enesco* (S). 10.00 *Music for* Organ (S). 10.45 Delme String Quartet (S). 12.10 pm Royal Liverpool Philharmonic Orchestra, part I (S). 1.00 News 1.05 Concert, part II (S). 1.50 The Rouen Officium Pastorum (S). 2.50 Bartok's Sonata (S). 3.05 The Symphonies of Fibich (1850-1900). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S) 7.00 Schubert violin and piano recital (S). 7.15 One Pair of Ears. 7.30 Proms 81 (S). Philharmonia Orchestra: Mahler: Symphony No. 3 in D minor. 9.15 Six Continents 9.35 Terror by Ken Gass (S) 11.00 News. 1.05-11.15 Enesco (ES).

VHF Only—Open University: 5.55-6.55 am and 11.15 pm-12.35 am.

RADIO 4

6.00 am News Briefing 6.10 Farming Today. 6.25 Shipping Forecast 6.30 Today 8.45 The Spy Who Came in from the Cold by John Le Carre. 9.00 News. 9.05 Mid-Week: Pete Murray. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News, 11.05 Baker's Dozen (S) 12.00 News. 12.02 pm You and Yours. 12.27 Give or Take (S). 12.55 Weather, Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 Through My Window. 4.00 Kidneys—The Case for Treatment 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, Programme News. 6.00 News, including Financial Report. 6.30 The Year *in Question*. 7.00 *News*. 7.05 The Archers 7.20 Checkpoint. 7.45 'Geordierama' (S). 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Lord of the Rings by J. R. R. Tolkein (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgettables. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 Telephone Programme. 12.30 pm London News Desk. 12.40 MMM ... land's Midday Music. 2.30 Tony Blackburn. 5.00 Music on the Move. 6.33 The Name of the Game ... 7.33 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

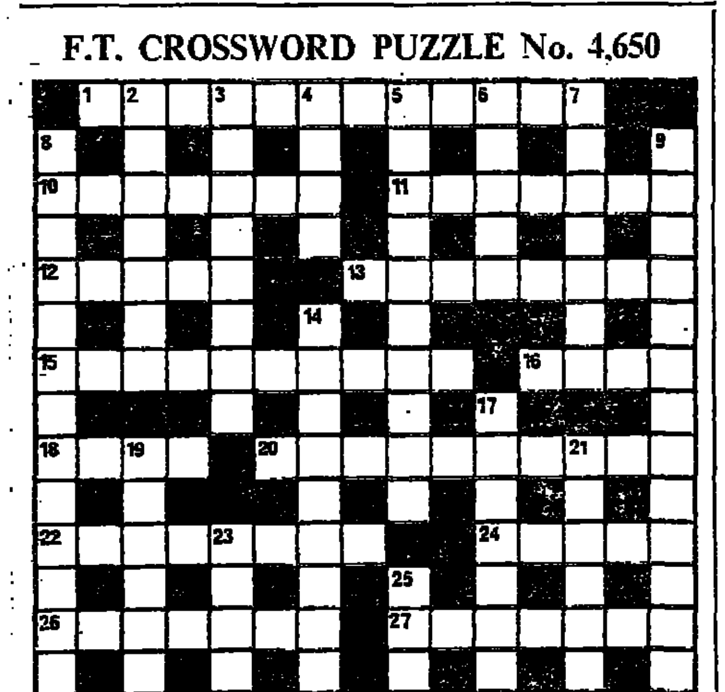
London Broadcasting

5.00 am AM—Douglas Cameron and Douglas Moffitt. 10.00 John Perkins. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Therese Birch's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 John Sachs. 8.00 London Tonight. 7.00 Capital Radio Jazz Festival. 8.30 Peter Young. 10.30 The Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,650



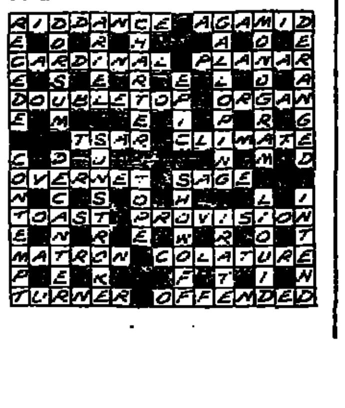
ACROSS

1 State prize for fruit (8, 4)
10 Hide beastly family (7)
11 A cricket club left to object to hail (7)
12 Discover skinny outside right (5)
13 Return thanks to sensitive churchgoer (8)
15 Reserve grousing on the due date (7, 3)
16 Boy brought to book gradually (4)
18 Was sorry to sound offensive (4)
20 Workers combined business with marriage (5, 5)
22 In the past superior made quick inspection (4, 4)
24 A 5 takes trouble to benefit (5)
26 The first person he's thinking of always (7)
27 Come to West-end in disgrace (7)
28 Lasting symbol keeping *people waiting outside phone* box (8, 4)

DOWN

2 La belle dame sans merci, for instance (7)
3 Shed left by air (5, 3)
4 Foul row (4)
5 Fashion leaders, and gave art possibly (5-5)
6 Shut up eastern philosopher (5)
7 Design the German wind (7)
8 Tart reminder of trade in *fruit* (5, 8)
9 Material for transatlantic clergy (8, 5)
14 Prince not turning up to dance (10)
17 Fly following chase (3, 5)
19 Chaps beheaded in vicinity? Oh shut up (7)
21 With gin it is European (7)
23 Fruit ought to survive (5)
25 Leaning towards humbug (4)

Solution to Puzzle No. 4,649



FINANCIAL TIMES

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THE ARTS

Apollo, Victoria

The Sound of Music by ROSALIND CARNE

This homely tale has been transformed, 20 years on, into a huge showbiz extravaganza. Presenter Ross Taylor clearly expects a long and lucrative run, for no expense has been spared on elaborate sets, lavish costumes, full pit orchestra and star-spangled cast. Crowds blocked the theatre entrance on first night to glimpse a few *minor* celebrities arriving for an event which must have been carefully timed as a pick-me-up for the millions suffering post-nuptial depression. Those who caught the original West End production tell me it was a rather more modest affair.

Petula Clark heads a seasoned team, a little too seasoned for freshness. However, her particular fans will no doubt excuse the hard-edge and mid-Atlantic twang in her singing voice, the sense of strain in her performance. She certainly tries hard, running, jumping, bouncing, to the extent that one is tempted to warn her not to overdo it for fear she burn herself out.

I began to warm towards her a little as the show progressed, for she has a more effective presence in the intimate scenes with the Von Trapp children than in the solo numbers. The title song was a sad let-down after the tumultuous applause at her appearance on a splendid mountain set. Nor are her vocal problems helped by comparison with the powerful, if slightly quavering, tones of June Bronhill as The Mother Abbess, who bangs out a very fair rendering of "Climb Every Mountain."

The disparity between the two is painfully clear in the duet "A Bell is no Bell" as the Abbess sends Maria off to look after the seven Von Trapp children. They are a well-directed, lively, saccharine-sweet team, as required, though some of the poor little girls' smiles begin to look a bit manic towards the end. Claire Parker as the 16-year-old Liesl is one of the delights of the evening. She acts and sings with admirable feeling and restraint amid this formidable bunch of old-timers, and performs a charming dance with her boyfriend Rolf (Paul Shearstone) during "Sixteen Going on Seventeen," the best song in the entire musical.

If Claire Parker has the bloom of youth, Honor Blackman is a fine specimen of sexy maturity. Gorgeously serpentine, excellently snobby, she adds a welcome dash of spice to the story as Elsa, the woman Von Trapp would have married if the warbling Maria had not turned up. She even has a passable voice in the husky, throaty vein, as well as the best line, "Im going to be a nun," says Petula Clark. "Oh, how nice," *replies a deliciously* spiteful Elsa. Michael Jayston as the stern captain-turned-lover is the biggest disappointment of all. He is a fine actor who fails to get to grips with this noble cardboard cut-out. And he cannot sing. John Bennett as his friend Max Detweiler makes *considerably more of a minor* role.

Grouches apart, there remains an aura of the grand occasion in this revival. The sheer number of scene changes boggle the mind and they are executed with faultless precision. Gothic arches and crenellations frame the proscenium arch to create a highly effective Nonnberg Abbey. We are then transported to the grandiose interior of the Von Trapp house. The most splendid design of all from the terrace of the house shows the magnificent Austrian alps fringing the lake. Funnily enough the simplest design of all is a bare stage hung with Nazi banners as the family line up for their escape. It is also the most moving moment. The designers are Tod Kingman and Peter Docherty and the director is John Fearnley.

Talk of the Town

Annie Ross by MICHAEL COVENEY

Annie Ross made her début at the Talk of the Town late on Monday night just as a few stragglers came reeling in from *The Sound of Music,* presum*ably in search of the sound of* music. A few beautiful people turned up, too, casting sympathetic glances at the tables of tourists. Not quite Langan's, perhaps, but I know which scene I prefer.

These jarring factions in the audience made life a little difficult for Miss Ross, but she zipped through a wonderful 40-minute programme with all the style and technique of *the top-class jazz singer* she is. She looked stunning in a Bill Gibb four-piece creation, white satin and georgette with gold trimmings. The fur came off in "Bye Bye Blackbird," the wide-sleeved half-cape towards the end. This left a glorified trouser suit and a pair of amazing *silver shoes.*

And, of course, the golden voice and ginger nut. I could have listened to her for two *hours.* As *it was,* we had a smokey, seductively slow "Tea for Two"; Mozart's Rondo a la turque with a frantic, perfect articulation of Bill Solly's zany lyrics; a curiously affecting Brazilian song, "Gentle Rain;" and, as a nostalgic reminder of her days with Lambert, Hendricks and Ross, an inspired version of Basie's "Jumping at the Woodside." In the latter, the voice swings in the middle register and plays trumpet in the upper, the whole effect managed, without strain, in a single musical line.

Miss Ross's regular musical director, Harry South, led the Burt Rhodes orchestra from the piano and the stage was shared with two exotic male dancers—"one from Mauritius, one from Penge"—who compensated in wilingnes for what they lacked *in synchrony. All the singer's* qualities were perhaps best displayed in an irresistible "Bye Bye Blues."

The beautiful people might like to know that the food served earlier in the evening shows distinct signs of improvement and that Robert Nesbitt's new revue, *Gala Galaxy,* contains some fine stairway choreography, a galactic *scena* in the best traditions of cabaret *tableaux, and a very funny comic* trapeze act. All this—with food and Annie Ross—for £14.75 per head (excluding wine) seems to me, by current standards, exceptional value.

The Talk of the Town has a long way to go, when all is said and done, to compare with European night-spots such as the Lido in Paris. The show-business attitudes it embodies are too deeply rooted in the era of Jack Hylton and Val Parnell to secure a broad-based popular approval. It is not simply a matter of the dancing girls going topless or the revue incorporating tons of dry ice and skating rinks—though that might help.

At some stage, the dowdy interior and end-of-the-pier ambience must be broken down and then, who knows, the beautiful people might obliterate their collective smirk. *The service is excellent, the* possibilities endless. It is up to Bernard Delfont to make of Annie Ross and her ilk inevitable habitués rather than tolerated intruders.

Leo Nucci and Luigi Alva

King's Theatre, Edinburgh

Il Barbiere di Siviglia by DOMINIC GILL

It was Michael Hampe who produced Cologne Opera's delightful Cimarosa *Matrimonio segreto* at last year's festival; and the same company and producer return this year with a new *Barbiere*—actually the premiere of a brand-new production to be taken home to Cologne in the autumn which is similarly a triumph of balance and tact.

Hampe walks the *buffo* tightrope with exceptional skill—*sustaining an elaborate web of* comic business without ever toppling (though from time to time keeping up the suspense, and the current of good humour, by threatening to topple) into farce; and engaging our sympathies with a cast of characters each one of whom, for all the artificial constraints placed upon him, remains whole and plausible from first to last.

It is a remarkable tour de *force,* relaxed and *easy* in its movement but full of wit and cunning, and everywhere informed by an instinctive *sense (the buffo producer's* commonest weakness) of when to start and when to stop. There are little jewels of stagecraft scattered in every scene, which properly tend to accumulate, rather than a succession of singular, effect. But the larger and more obvious stage gestures also—even such a well worn *Barbiere* cliche as the general freeze for "Fredda ed immobile"—emerge, for their meticulous attention to detail, seemingly fresh-minted.

The production's sparkling forward movement is underpinned and, at its climaxes, lifted gloriously aloft by a splendid male trio: the Almaviva of Luigi Alva, drawn with unusual vivaciousness and warmth, rich and firm in voice, chameleon in disguise: a sonorous and unusually sympathetic assumption of Bartolo by Carlos Feller; and Leo Nucci's Figaro, a tireless voice and a mercurial, commanding presence with a face as elastic *as Ken Dodd's and a dashing,* flashing toothpaste smile. Alicia Nafé's Rosina (eaten style but relaxed later to give a most promising, sweetly tuned and sweet tempered account of the role, without a trace of hectoring or malice, deliberately and, by and large, very success*fully* restrained. The supporting cast, except for an awkward Berta, is strong.

The designs and costumes of Ezio Frigerio and Mauro Pagano are unostentatious, colourful and apt. The two sets, the second a simple descent and reversal of the first, are sensibly uncluttered, allowing plenty of room (both width and depth) on the small stage. The conductor John Pritchard, is to be found regularly in Rossini, and notably in this production on his happiest (and more important, his most caring) form: a musical direction as expertly paced as it was bubbling with good humour.

Assembly Hall, Edinburgh

As You Like It by B. A. YOUNG

You aren't expected to believe a word of *As You Like It* as the Birmingham Rep play it in Clive Perry's production. Certainly you must know what's going on. The jokes are broadly made, with actions if possible, but what we get is a pageant, not a play.

Nickolas Grace does Touchstone like a puppet from a Punch and Judy, his arms and legs flickering restlessly in traditional clown movements. Yvonne Edgell as Phoebe and *Nichola McAuliffe as Audrey* are grotesque in their rustic simplicity and poor Pat Doyle as William is barely human. It's as if the director has said to himself that the festival is full of foreign companies relying on sight rather than sound to convey their meaning, and anything they can do we can do better.

The designs (Poppy Mitchell for the set, Hugh Durrant for the costumes) are as *artificial* as the playing. There is a raked disc stage, with smaller stages set around it and a doodle of slopes and steps upstage, the whole thing covered with green grass. Duke Frederick's courtiers wear vast hats like decorated mushrooms. Fashions in the Forest of Arden are more conventional, though the exiled Duke's followers have worn their clothes out very fast. The masque of Hymen at the end is very pretty; the country copulatives and their duke have unexpectedly found yards of white silk ribbon to wear, with green and white garlands of wild flowers, and Hymen is escorted by a dozen-strong retinue, all in dazzling, foaming white. All hope of belief in the tale has long since been thrown out.

The acting is loud and unsubtle. Only David Rintoul's *Orlando remains comparatively* normal throughout. Denys Hawthorne is an appropriate Duke for his fantastical court; as the other Duke, Denis Holmes is more aristocratic, sitting around in a tatty fur jacket while his followers freeze under the bitter sky. There's nothing *melancholy about John Quen*tin's Jacques but his reputation: indeed, he tends to use his speeches as jolly display-pieces.

Lynn Dearth's mournful Rosalind becomes a Ganymede like a junior boy at a comprehensive, 14-years-old or so, jumping up and down like a kid at a disco. She assumes an urchin's voice to match her urchin-looks, and she makes the most of all her jokes, even recognising, *bless her,* that the fun is in the words sometimes, not the actions. She treats Celia, to whom Alice Krige gives *a somewhat maternal aspect,* as if she really were her mother, rather than her cousin.

For the rest, it is mostly roll*ing on the grass and acting out* the jokes for the foreign visitors. A sound-track provides sheep, doves, a cuckoo (of course) and an orchestral backing for the songs to the drawing-room music of Grant Hossack (who should have "It was a lover and his lass" rehearsed again). *I can't say that this* externalised way of playing gave me much pleasure, but one could detect some expertise *below the directorial imposi*tions, especially if Mr Grace's Touchstone had sporadic opportunities to stop being Petrushka and became a human being instead.

Albert Hall/Radio 3

Lucio Silla by RONALD CRICHTON

Mozart's last opera for Italy, though not of course his last Italian opera, provided the finale on Monday night to the built-in opera festival. *Lucio Silla* is an operaseria, written at the end of 1772 for the Milan carnival, when Mozart was 16. It was composed piecemeal as the singers arrived. The title-role was sung by a replacement, allowed only two rather uninteresting arias. Lesser charac*ters were given more, their* particular strengths as singers obligingly remembered. Gamerras' libretto confirms the Roman dictator Lucio Silla, an unamiable character who at the end performs an act of operatic clemency by forgiving a pair of lovers, the exiled senator Cecilio and Giunia, whom Silla has long desired.

In a concert performance with the breeches parts of Cecilio and his friend Cinna taken by sopranos in long frocks, the plot fades into the background. With the notable exception of the cemetery scene at the end of the first act and one or two other moments, one soon finds oneself listening as *to a series of Mozart's concert*-arias, often remarkably mature, with a few indulgent passages where he seems to be saying "If that's the kind of thing she want, let her have it"—Celia's staccatos are an example. Sometimes, with the abundance music exceeding dramatic needs, one seems to be hearing Haydn rather than Mozart.

The performance by the City of London Sinfonia and BBC Singers, conducted by Richard Hickox (who gave the work last year at Spitalfields) was most enjoyable in spite of great length—neither dully respectful nor over-anxious to make opera *seria seem totally up to date,* but sensitive, well-paced and in detail stylish. There was uncommonly distinguished singing from Arleen Augér and Felicity Palmer as Giunia and Cecilio, roles written for the outstanding singers Anna de Amicis and the castrato Rauzzini, who ended his days in Bath.

Miss Augér, an American soprano with much experience on the Continent, is a familiar *name to record collectors but* not, I think, often heard here in person, is an exceptional artist. Her pure, disembodied, floating tone has something of Rysanek at her best and may also remind older listeners of the English Bach soprano Dorothy Silk. The softness, carrying without any difficulty in the Albert Hall, can suddenly flash gentle fire. Many Lambert phrases on Monday made one realise how merely *decent, how nearly mechanical,* is much of today's "good" Mozart singing. Miss Palmer, though occasionally she showed the cutting edge which can be so effective in other kinds of music, was moulding her tone with a sureness hardly suggesting that she is in the middle of a series of Brangänes.

Both singers gave striking performances *of* their taxing and beautiful arias, and blended most musically in the fine duet at the close of Act One. The remainder, with less inspiring music, were still on a higher level than one might expect in a one-off performance *of a rare opera. Eiddwen Harrhy* sang Cinna. Some of the purity of her tone has given way to what one must hope is a temporary hardness, not entirely unsuited to this character. Celia, Silla's sister, was sweetly but a little droopingly by Patrizia Kwella. There are no low voices. Of the two tenors Neil Jenkins was efficient and not inappropriately uncharming as Silla. Adrian Thompson was more winning as *Silla's confidant, or Aufidio.* A worthwhile evening.

Chekhov in Derry

Brian Friel, the author of *Translations,* has prepared a new version of Chekhov's *Three Sisters* which opens in the Guildhall, Derry, on September 8. Directed by Stephen Rea, the production then embarks on a tour of Ireland including a visit to the Dublin Festival in October.

It is presented by Field Day Theatre Company, the group formed by Friel and Rea to perform *Translations,* and is given a new Irish setting.

Television

Street culture by CLEMENT FREUD

The charts show that more people watch *Coronation Street* than turn on their sets for the *News at Ten. . . . So I went* with the multitude. It seemed the very least a temporary summer-relief television critic could do.

I was never a very close follower of "the Street," remembering it as an everyday story of a North Country lady with a hair net. It has changed substantially from my recollection and Irma Ogden, the big brassy lass played by Sandra Gough, has gone, or been "written out," as they put it, which is a pity.

It is now a hugely complicated story of a pub, a newsagents, and a garage peopled mainly by discontented couples one of which has taken on a foster child, another abandoned *a daughter, while a third has* achieved a baby by DIY, and now wish they had not because Brian, who is a mechanic is, or possibly is not, having it away with a woman called Mrs Fox who will keep coming round for a full service, offers to take Brian out for a "spot of lunch" and is demonstrably kinky about touching his upper arm—which makes Brian's wife sad, especially as she is going to wash Mrs Fox's frilly hankie which she found in her husband's overall pocket. Brian's mate at the garage says: "You're like a man who's got indigestion and hasn't eaten the curry": a jolly good line, that, which deserved a better plot. I expect it will come up again, perhaps in [illegible].

It was very good to see old Albert, who used to be a big stir in the hair net days, still groping about in the series. He has now joined the dirty mackintosh brigade and why they let him near the children is anybody's guess. They could have a courtroom scene in mind for him later in the year.

That, of course, is the point of a serial: trying to get the viewer so involved in the *characters that rather than* switch channels or beat the wife again he stays watching the screen, drinking in the messages of the commercials.

Coronation Street actually has the reverse effect on me. The pacifist upmarket character, whose wife wears non-NHS glasses to make this clear, is worried about his daughter who has gone to London to work *in a wine bar. I am not.* He is a huge bore, his wife a sanctimonious prig and I don't suppose the wine bar sells anything worth drinking either. The foster-son, whose friend has a fetching streak of red in his blond hair, is not going to survive Len Fairclough, let alone Mrs F. who speaks to him in a voice lifted straight from a Sunday morning programme called Training Budgerigars *(rpt): a good actor, though,* that boy.

Mavis who works behind the counter in the shop is another *drag. I shall not be watching* next week, but as I did not watch the week before last, I do not suppose it will affect the ratings; I really miss Irma Ogden. I met her once in Manchester and bought her an apple pie à la mode in a restaurant in Deansgate and people said "That's never Irma Ogden from *Coronation Street* having lunch with you?" and I said "Happen." You see I know the language. I just don't care for the way they use it on early Monday and Wednesday evenings.

Having done my popular bit, I examined the Radio Times with care in order to glean news some minority programme within my critical competence and discovered *Local Government* under the general heading of Open University at 7.30 am on Friday morning. I thought 7.30 am a very sensible slot *in which to transmit such a* programme; it is just around the time that members of Nalgo lie back between having had the maid bring them breakfast in bed and deciding whether or not to come out on strike or "take negative action in respect of industrial cooperation" as it is now called.

After the Open University caption had faded we had a few cartoons . . . followed by the programme which was about football and particularly about the awareness of space when you are attacking the opponents' goal. Exactly what this has to do with local government was not clear, but I expect people on the course will understand.

There was a deputy headmaster called Bob who explained that when you take a corner you get the three best headers into the goalmouth, and there were sequences from a schools match in which Brian could have passed to Bob or Les but sensibly held the ball and flicked it to Sam who had made a lot of space over on the right wing. They showed it again in slow motion. It was filmed at Dane Court which interested me because my brother went to Dane Court *before he went to Bryanston* and in his day the boys were small and talked as middle-class boys talk. They are now bigger, grow moustaches and speak as they do in Derbyshire. When the captions came up at the end of the local government film, it turned out to *have been filmed* at Dayn Court in Chesterfield, so at least that made me feel better.

Towards the end Bob told his class, via the blackboard, that these were the tactics "and we will now take the classroom into action." They did, with everyone looking for space which inevitably ends up with no one getting a decent shot anywhere. It was good stuff, but very far removed from the sort of information that would help a young career footballer. Not a word about kissing a player who has scored, jumping at him from great distances and landing in his midriff, racing off towards the crowd and clenching your fists at them above your head.

I only hope that in the mathematics class someone explains to them the intricacies of negotiating transfers and working out VAT eligibility on the fee. And if they have drama, they cannot afford to ignore the feigning of injuries, the clutching of shins after innocent-looking tackles, which writhing stops as soon as the free kick or penalty is awarded.

When breakfast TV comes to our screens they are going to have much with which to compete and Lord Crowther Hunt who masterminded the re-*organisation of local govern*ment must be feeling pretty smug. I bet not even he thought we would come so far in so short a time.

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Suicide—for three per cent

THE FUTURE of the railway system appears, as we write, to lie in the hands of the Advisory Conciliation and Arbitration Service. It is absurd and tragic that it should be so, and over three per cent: but it is a brute fact that unless Acas can find some form of words which commits the railwaymen to productivity improvements which they know are essential, without making this a "condition" of the last quarter of their arbitration award, they are likely to do irreparable damage to the industry in which they work.

To say this is not to deny that the railwaymen have cause to be angry: employees are hardly likely to be contented in any industry which is unable to pay wages high enough to fill its vacancies in an acutely depressed labour market, and the troubles of the railways cannot be blamed entirely on the railwaymen. Nevertheless, anything more than a token strike will be a suicidal way to express that anger.

Recognition

It seems likely that Mr Sid Weighell of the NUR—who wrote to this newpaper yesterday that a trike was the only way left to gain recognition for the needs of the industry—understands this as well as does Sir Peter Parker, who has been pleading for reason. Certainly Mr Bill Sirs of the steelworkers, who has promised the railwaymen support, could explain the threat from his own experience.

The case is closely parallel with British Steel, but in one sense the railways are far more vulnerable. Rail users can usually only find alternatives by making an investment—easing a truck, buying a second car or a cycle. This means that every change is long term. The miners, who also support the railmen, could explain how they lost the domestic heating market.

If a prolonged strike takes place, therefore, the railwaymen will have imposed their own "solution" to the industry's problems; the loss of traffic will entail heavy cuts in the remaining services. No later repentance, either by the railwaymen on productivity or—improbably—by the present Government on the level of subsidy, could avoid this necessity. Lost traffic will not come back. It is only if a strike can be avoided, as we still profoundly hope, that it is worth discussing the crisis as it now appears.

Any such discussion must start from the present financial state of the system, revealed in the Board's announcement yesterday. The losses of £37m in the first quarter, and estimated at £140m in the full year, are much worse than previous estimates, and the loss of traffic is profoundly worrying. These figures adequately explain why the Board felt compelled to put a good relationship with the unions at risk by attaching productivity conditions to part of the arbitration award.

The unions know that productivity improvements are necessary for survival, and have said as much at their conferences; their anger is over the arbitration principle rather than the practical necessities. They should also know that some of their own grievances—notably the excessive hours worked — reflect their own practices.

However, it does not seem likely that even the full programme of investment and reform proposed by the Board would solve the problem the system now faces. Costs under any imaginable system are likely to remain uncompetitive for large parts of the possible traffic: and since the programme would take some years to execute, much of that traffic would be lost before an efficient system was in place. At the moment customer resistance is such that higher charges might produce the same or lower revenue, which would leave only the option of cutting services faster than demand is falling.

Subsidy

In the end the Government must decide whether it wants to give greater support to the railways, as other Government's do, or to face the very large costs of making it possible to do without them. We have argued before that higher subsidy for the railways would be money well spent: but this argument will only stand if the unions are visibly committed to a more efficient system. A strike could not only lose business irreparably, but destroy the case Mr Weighell says he seeks to establish.

The West's view of Turkey

WESTERN governments have treated the Turkish generals with more sympathy than they would show to any other Nato officers who seized power. The desperate state of the country before last September's coup explains this sympathy. But the time is approaching when the record of the regime headed by General Kenan Evren is becoming increasingly crucial to the country's hopes of receiving the aid it needs.

The debt rescheduling which banks now seem close to completing would provide some welcome relief: it would defer repayment of principal on $3.2bn worth of debt from next year until 1984. But it will not avoid the need for continuing aid from abroad. The government is forecasting a financing gap of $1.5bn for 1982. Most of this will have to come, as it did this year, from the West.

Aid delays

It is in this context that recent delays in West German and ECE aid could prove significant. In 1980 Bonn led Western efforts to help Turkey. This year it has ben more hesitant, partly because of its financial problems but also because of growing concern among Social Democrats at the Generals' regime. Now the West German government has said that its DM 460m ($185m) aid will be disbursed only after consultation with a Bundestag committee about progress towards restoring democracy in Turkey.

There has also been a delay in signature of the EEC's fourth financial protocol with Turkey: this foresees 600m Ecu ($99m) aid over five years. The Bundestag and the EEC are scheduled to pursue these matters next month.

In several fields, the record of the Generals has been impressive. Before the coup between 150 and 200 people were dying in political violence each month. Since the coup this rate has been cut to around 40 per month. The streets are relatively safe, the "no-go" areas opened up and no less than 600,000 weapons have been collected by the authorities. The West can now count, at least in the medium-term, on the stability of the country.

The Generals have ushered in an era of relative detente with Greece and helped it back into the military wing of Nato. They have also responded to quiet Western urging and caused the Turkish Cypriots to put forward their first comprehensive proposals for settling the Cyprus dispute since Turkish troops invaded the island in 1974.

The economic recovery programme launched by the Demirel Government has been continued. This involves opening a long-closed economy to foreign investment and, to some degree, to market forces. Inflation is down to around one-third of its peak of 120 per cent per annum. Exports are running at rates 50 per cent higher than in 1980 and workers' remittances are buoyant. Further, a crucial tax reform has been introduced and an overdue land reform appears to be just around the corner.

But those who emphasise these achievements should not neglect the other side of the coin. The generals brook no dissent. The judiciary is under tight control and lawyers complain at limitations on the right of defence. The press is muzzled. Trades union activities have been virtually suspended. The use of torture has been widespread, apparently leading to at least 20 deaths in the past year. There have been hunger strikes on this issue and only now is the régime indicating that it will reduce the 90-day period which it can hold prisoners without charging them. Around 900 death penalties have been requested, including 52 for the leaders of the radical left-wing confederation, Disk.

Distrust

All these issues cause concern in the West and raise questions about how easy it will be for governments to raise the aid which Turkey will require. Equally the Generals will at some point have to tackle the issue of returning power to civilians. Their distrust for the past is understandable. The old political world did little to slow Turkey's descent towards the abyss. But if the Generals wish their proposals for the future running of Turkey to be viable they will have to begin to build bridges with the political world they displaced. Their mechanism for reforming the constitution, a totally powerless selected body, does not inspire confidence.

THE SAUDI OIL PRICE STRATEGY

Calling the Opec tune

By Patrick Cockburn

THE MEETING of the Organisation of Petroleum Exporting Countries in Geneva today is a measure of the success that Saudi Arabia has had in reasserting its authority over the main oil exporters. Reunification of prices is more likely than at any time since the Iranian revolution in late 1978 sent prices spiralling, but total unity may still prove elusive.

However, the Saudis will derive satisfaction from the fact that the pressure for holding the meeting originally came from such former hawks as Libya and Nigeria. Their enthusiasm for the $41 a barrel price for their high quality premium crude has waned as oil companies have cancelled or suspended contracts over the last two months.

The situation in the oil market has changed since the last full Opec ministerial conference in May when it was impossible to find a compromise on reunifying prices. Since then, the worst fears of many Opec states have been realised. Saudi Arabia has kept its production high at 10.3m barrels a day, or some 45 per cent of total Opec output, at a time when conservation and recession in the West has reduced demand.

Furthermore, the Saudi's oil price has stayed at $32 a barrel compared with $36 for most other producers and $41 in North Africa. Inevitably, it is the Africans who have come under greatest pressure in the oil markets.

Nigeria's production has dropped from 1.9m barrels a day in May to only about 700,000 b/d. Libya is down from 1.75m b/d at the beginning of the year to some 750,000 b/d today. While the Libyans have the financial reserves to withstand this loss in oil revenues, Nigeria, with a population of 80m people, would use up its foreign exchange reserves within six months at the present rate of expenditure.

Signs of a weakening oil market were already becoming evident in the middle of last year but the Iran-Iraq war reduced oil output by 4m b/d. Oil companies, frightened by the soaring prices which followed the Iranian revolution, were prepared to pay heavily for security of supplies. Not only had the Opec price system turned into an unwieldly multitier structure but heavy premiums were demanded and paid. Kuwait, for instance, was charging a swingeing $5.50 premium on part of its sales.

Yet the weakness of the oil market was illustrated by the surprisingly limited impact of the Iran-Iraq war. Saudi Arabia raised its production to make up for part of the oil lost. High prices had already cut demand in the West. Apparent insecurity of long-term supplies, rather than actual shortages of crude, kept contract prices high, even though spot prices had peaked by last November.

By the beginning of April this year companies were starting to refuse to renew large contracts. Kuwait was unable to maintain its premium. Saudi Arabia steadfastly refused to cut its production level. Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, said: "We enginered the glut in order to stabilise the price of oil."

Nevertheless, most Opec pro[illegible] ducers were still con[illegible] enough that the surplu[illegible] in the market woul[illegible] too dramatic an [illegible]ices to reject a [illegible]mpromise offer at t[illegible] [illegible]inisterial conferen[illegible] organisation in Geneva in May. Instead, they introduced minor production cuts of their own.

At today's conference, the most likely outcome is that Ministers, chastened by the events of the last three months, will go for a $34 marker crude, assuming that it is still on the table, though it is quite possible that the anger against Saudi Arabia felt by many will prevent complete reunification.

Even less certain is the question of Saudi production. Other Opec members would like to see it cut immediately by 2m barrels a day. But in the past the Saudis have sa[illegible] production le[illegible] own affair. O[illegible] is likely that th[illegible] only gradually [illegible] their output [illegible] 8m b/d mark.

[illegible] together, a rise in the [illegible] of Saudi oil and fall in [illegible]at of other Opec members, combined with a Saudi production cut, should stabilise the oil markets. Countries such as Venezuela, which has been relatively successful over the last three months in selling its heavy crudes and oil products may not find this a sufficiently alluring prospect to agree to drop their prices. But Nigeria, Iraq and Iran, whose instincts are normally hawkish, will be swayed by their need for increased oil revenues.

For the Saudis the strength of their position holds out an equally alluring possibility. This is the Long-Term Strategy which Sheikh Yamani would like to see adopted by his fellow Opec members. This formula is geared to try to stabilise oil prices in real terms through an index which would reflect the impact of inflation on international trade and an automatic exchange rate adjustment factor. Real increases in oil prices would be linked to the increase to the growth in the real GNP of industrialised countries.

For the moment, Saudi Arabia may have the economic muscle within Opec and the political muscle in the Arab world as a whole to move towards this strategy. Iraq and Iran, previously two of the largest oil exporters in the world, are now producing little crude and the Iraqis need Saudi Arabia's political support.

But an end to the war would reduce the Saudis' political strength within Opec and other members of the organisation, angered by Saudi Arabia's policies over the past year, are likely to prove unco-operative in supporting the Yamani strategy once oil prices improve. There is also a clear diversity of interests between the heavily-populated Opec states, such as Iran and Nigeria with negligible financail surpluses, and the scantily peopled states on the western side of the Gulf.

There are in all some 328m people living in countries which are members of Opec, but of these only 8m live in Saudi Arabia, 3m in Libya and 1.3m in Kuwait. Some 220m people live in Indonesia and Nigeria alone.

In addition to the diverse needs of the Opec states, there is the question of national prestige which has now attached itself to oil prices. At the beginning of June, Pemex, the Mexican state oil company, reduced its prices by $4 a barrel, the company's chief was sacked and the Government made an expensive and ultimately abortive bid to increase prices by $2. Though Mexico is not a member of Opec, the same psychology is to be found in many members of the organisation. Their reliance on oil makes it difficult for them to contemplate any reduction in their official prices, whatever the commercial considerations.

That view is all the more illogical since in real terms the oil exporters are now getting 15 per cent more than they were at the beginning of the year. This is because of the rise in the value of the dollar in which oil prices are denominated. In Western Europe, the source of so much of Opec's imports, the cost of oil has gone up by 20 to 25 per cent since January and in Japan by 13 per cent.

Until three months ago oil exporters were more than compensated for any marginal loss of revenue from the ending of most premiums on the official price and the cancellation of a few contracts by this surge in the value of the dollar. In dollar terms the cost of oil since January has risen by $7.48 in West Germany and France, somewhat more in Britain and Italy, and by $4 in Japan, according to the Petroleum Intelligence Weekly.

Thus the marginal reductions in the price of oil now being contemplated in Geneva will not be sufficient to compensate European countries for the real price rise they have seen since the beginning of the year. The rise in the value of the dollar was in part responsible for the strength of oil companies' reaction to efforts to keep prices high.

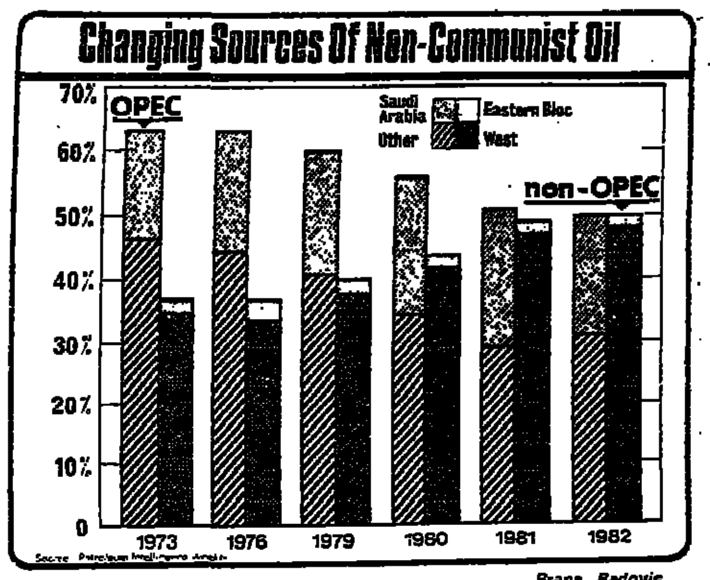
Two questions remain to be answered. How far is the present weakness of the oil market a purely temporary affair? And to what degree will Opec's declining share of the world's oil production permanently reduce the organisation's power?

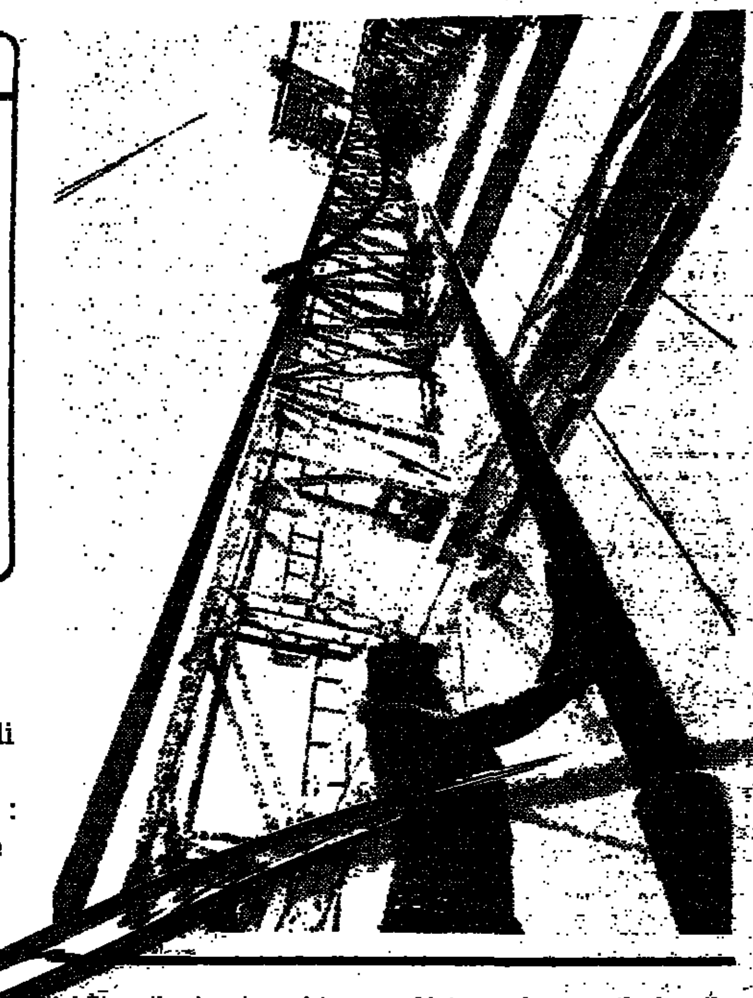
A [illegible] study by Wood, [illegible], the stockbroking firm, shows oil demand in the non-Communist world dropping by 5 per cent this year to 47m b/d and rising only 1 per cent in 1982. In the last half of this year only 28.1m b/d of Opec oil will be required. An end to the war between Iran and Iraq would probably lead both countries to increase rapidly their oil exports to strengthen their armies and increase their flow of imports.

The proportion of the non-Communist world's oil supply coming from Opec has already dropped from 63 per cent in 1973 to about 51 per cent this year. But increased production by states outside Opec, reduced demand for oil, and greater reliance on other forms of energy will probably do no more than very slowely reduce the power of Opec. It looks unlikely that Opec will supply much less than half the non-Communist world's oil supplies during the 1980s.

Such figures argue for a steadying of the oil market during the next [illegible]. But the experience of the 1970s shows that the political instability of the Middle East may throw all such calculations out of gear. The Arab-Israeli war in 1973 and the Iranian revolution in 1978 are the crucial events in the oil market over the past decade. The near-panic over the security of the Strait of Hormuz at the mouth of the Gulf at the start of the Iran-Iraq war last September has been quickly forgotten, but that is still the route for tankers carrying two-third's of Opec's exports.

The political volatility of the Middle East will ensure that oil prices are unlikely to be permanently constrained by any formula which attempts to make their escalation or movement for predictable. Reunification of prices, if achieved today, will reflect the much increased influence of Saudi Arabia over Opec, but the diversity of the members' oil prices over the last two years does not bode well for long-term unity.





Brans Radovic

By the beginning of April this year companies were starting to refuse to renew large contracts. Kuwait was unable to maintain its premium. Saudi Arabia steadfastly refused to cut its production level. Sheikh Yamani, the Saudi Oil Minister, said : "We engineered the glut in order to stabilise the price of oil."

THE INCREASING VALUE OF OIL

	July 1981	June 1981	May 1981	April 1981	March 1981	Feb 1981	Jan 1981	Dec 1980
Average Opec Price*	$34.25	$34.30	$34.50	$34.45	$34.80	$34.75	$34.70	$32.90
Purchasing Power of Oil†								
Opec	39.68	38.96	38.08	36.61	36.32	35.92	34.53	32.90
Local Oil Costs‡								
Japan	37.83	37.14	36.28	35.32	34.63	34.09	33.40	32.90
Germany	42.16	41.18	40.08	37.72	37.20	37.76	35.31	32.90
France	43.23	42.34	41.46	38.51	37.87	37.80	35.26	32.90
UK	42.72	40.85	38.67	37.05	36.56	35.44	33.84	32.90
Italy	43.95	43.37	42.11	39.67	38.35	37.91	35.38	32.90
Canada	34.45	34.45	34.62	34.28	34.63	34.81	34.52	32.90

* Weighted according to each Opec member's share of supply.
† Calculated by weighting the value of an average barrel of Opec crude in the above industrial countries, plus the U.S., according to their respective shares of Opec's 1980 imports.
‡ Expressed in terms of U.S. dollars.

Source: Petroleum Intelligence Weekly

MEN AND MATTERS

Scissor movement

Some customers may not turn a hair. Others may go grey overnight. But a woman in Trumpers? One swallow does not a summer make, nor one pair of female hands a sexual revolution, at least not in a 14-chair shop. But still, a woman in Trumpers? Of Curzon Street?

Royal heads have been seen almost as regularly in Trumpers' mirrored rooms as on the backs of British coinage over the past hundred years. Alongside have sat statesmen, society and literary figures including Evelyn Waugh — a tradition of tonsurial eminence continued to this day in the patronage of the Prince of Wales and, shortly before the July wedding, the young Lord Althorp, now his brother-in-law.

Some may think that Trumpers is responding precipitously to a mere passing fad for feminine touch upon masculine lock. It is, after all, a trifling 12 years or so since women first started wielding their scissors in trendier men's salons. While Trumpers' men, one might believe, were there to cut King Harold's hair in respectful silence as he girded up for the battle of Hastings.

Trumpers's sister establishment Truefitt and Hill—established Old Bond Street, 1805—has counted four women among its 14 barbers for three years. But Trumpers manager Mr Dennis (he declines to reveal his surname) is still unconvinced that a feminine touch is appropriate for the cropping, coiffing and shaving of his most particular clients.

Nevertheless, a month ago, he took on a certain Miss Reed (he declines to reveal her *Christian name*), aged 20, and so far things seem to be working out. Would he be hiring more women then? "That just depends on how things go along," he said cautiously.

"I guess most men don't mind them," ventured Mr Dennis, "we have a Queen and a Prime Minister who are ladies, *so I suppose we can have a lady* barber. But we were the last all-male bastion."

"It's the season for revivals —British Rail in the red, the £ sliding, British Leyland warning its workers . . ."

Take your pick

Sitting on a gold mine obviously ain't what it used to be, to judge from the state of the Clogau St David's Mine in Gwynedd, Wales, which supplied the nugget of gold from which Royal wedding rings from Queen Elizabeth the Queen Mother through to the Princess of Wales have been fashioned.

The mine has produced only £20,000-worth of the precious metal in the last three years and, to add insult to injury, it has been served with a distress warrant on the application of Meirionnyth District Council, which is claiming two years' back rates totalling £295.01 — plus costs of £2. Only £2? "We are still old-fashioned around here," explains Meirionnyth, deputy treasurer Dennis Webb, who obtained the warrant in Barmouth magistrates' court yesterday morning.

The story is not, however, quite as straightforward and poignant as just that. For on returning to his office in Dolgellau with warrant duly despatched, what should Webb discover arriving by second post but a cheque to cover the rate arrears. This surprising communication bore with it a covering letter offering the intelligence that the lease on the mine in question had been surrendered by Clogau St David and re-issued by the Crown Estates Commission — all gold deposits in Britain being owned by the Crown — to one Carnarvon Mining Co.

Which was in turn news to the Crown Estates Commissoin, which told me yesterday that it still has Clogau on its books, and that leases are not assignable.

One way to establish the ownership pretty smartly, I would say. Whose money? Whose name upon the cheque? But in best short-story fashion, Webb was in such a rush to cash the thing that he forgot to look.

Video, rideo

"Videograms meet floppy disks and interpreters and merge into communigrams, portable or transmittable by air or wire . . . Plastic cards contain microprocessors that progressively either burn out with use or process in-card. In-video-card? Processed inside transaction devices, and inside communicators — new man-machine interface devices . . ."

That may sound like the ghost of a computer captured on an ouija board: it is in reality part of the promotional guff for the "KnowNow Television-Conference. One Communication World, 1981-1988," bruited as an "exciting, entirely new, and vitally necessary, interactive communication medium."

The Know Now bandwagon starts rolling with its fortnightly conferences at the Heathrow Hotel in October, and, as far as I can discern from the phantasmagorical language of its publicity, deals with commercial opportunities in new technology over the next few years.

My first quotation comes from the conference standpoint ("the word-picture painted . . . to highlight for the Day's work some of the central concerns and issues that underly the search for growth opportunities") on the first session, "New Media, New Device Opportunities: The Big Bang." Other questions which delegates will be seeking to answer include "Where Did My Mainframe Go" (December 9) and "Has IBM put some new chairs in?" (November 25).

An exciting task, to "encourage the maximum and most fruitful dialogue among and between participating decision-takers and opportunists from the concerned industries." But if it all gets a little much, there anchoring things down will be the familiar face of Frank Bough, described as "probably the most experienced and concerned manager of live intercommunication using the television medium."

Sick transit

An Italian labour judge is addressing, the question of whether homesickness is a legitimate industrial disease, or belongs fairly and squarely in the category of dismissable leadswinging.

The lonesome piner before him is Turin chemical worker Filippo Alessi, bearing a sick-note prescribing for his "syndrome of melancholy" 20 days in his native Calabria. His employer, who has seen Alessi's face roughly every other day in the last year, takes a less charitable view of what he describes as a "super-absentee." I eagerly await the judge's verdict.

Right-spirited

A colleague tells of being approached near Waterloo Station by a dishevelled and bearded tramp, empty wine bottle in hand. "Could you spare 10p, Sir," asked the tramp. "I want to make a phone call to Alcoholics Anonymous."

Observer

Private hospital care and medical insurance are now an established part of the British medical scene. **Gareth Griffiths** reports

The (private) health of the nation

A TWO-TIER hospital system is rapidly becoming a fact of life in Britain as private health care expands rapidly.

Six per cent of the British population is covered by private medical insurance—there was a 33½ per cent increase between 1978 and 1980.

Meanwhile the growth in the number of private hospital beds, which had been 10 per cent a year since the mid 1970s, has accelerated in the past year to 20 per cent.

Investors now see private hospitals in Britain, like their counterparts in the U.S., as recession proof.

Institutions have dropped their customary caution over such a politically sensitive matter and the Midland Bank announced in June that it would fund about 40 per cent of the cost of four new private hospitals to be built by Seltahart Holdings. Midland is also buying shares worth £325,000.

The return on investment in some profit-making hospitals can be impressive. A prospectus for a 44-bed development at Peterborough by M. J. H. Nightingale, a city investment services company, forecasts pre-tax profits as ranging from 25 per cent to 29 per cent *of revenue in 1983,* 33 per cent to 38 per cent in 1987.

U.S. hospital chains expect a 10 per cent to 14 per cent return on their equity investment in the UK and the provident associations expect at least as much money from their projects as their funds can earn in interest.

Those involved in private hospitals are nearly all optimistic about the industry's future. They see private medical care as increasingly in tune with public opinion.

The Government has given these hospitals its approval, including tax advantages for private medical insurance. DHSS ministers talk about the splendid work the sector does and have set a target of 25 per cent of acute medical work for the private sector to handle. However, this figure *is regarded* by the industry as unrealistic.

Mr Robin Hodgson, the managing director of M.J.H. Nightingale, a company which has put together financial packages for three private hospitals, says the private sector is now *aimed firmly at the domestic* market (rather than at prosperous visitors from abroad) and that where it has been set up it has secured the support of local businesses and the medical profession.

The growth is almost entirely *in the profitable short-term* non-emergency surgery sector and largely excludes longer-term geriatric and psychiatric cases.

There are more than 140 private hospitals in the UK providing acute medical care (non-urgent surgery). They have at least 5,500 beds. About 1,000 beds are being added at the moment and there are plans for another 1,000 in the pipeline. Investment for each bed costs between £60,000 and £100,000 in London and from £40,000 to £60,000 in the regions.

Private hospitals are generally more quickly built than NHS ones with two to three years between inception and completion. Fees are generally determined by the price charged for the 2,500 pay beds in the NHS—between £505 and £581 a week for accommodation alone.

The three provident associations, the British United Provident Association, Private Patients Plan and the Western Provident Association pick up the bill for more than half the domestic business in private hospitals.

These hospitals are increasingly being built in affluent suburbs where planning permission is usually easier to get, costs are generally lower, and (with the average stay of private patients about five days) nearer to home for most customers.

The face of private hospital care. Mr Peter Townsend, chairman of Seltahart Holdings, with the Matron and nurses from the Clare Park Clinic in Surrey. Seltahart is expanding fast into this profitable and apparently recession proof industry

BUPA Hospitals has one hospital open in Manchester and is building a 40 bed hospital on the outskirts of Cardiff, a similar one in Wirral, and a 60 *bed hospital in Bushey, Hertfordshire.*

Dr Beric Wright, chairman of BUPA Hospitals, believes the main reason behind increasing popularity of private health care springs from the worry over the rundown in NHS pay beds in the 1970s when the last Labour Government attempted to phase out health service pay beds. Mrs Barbara Castle, the Health Secretary, set up a Health Service Board to regulate private hospital development after a fierce battle with consultants. The board was abolished last year by the present Conservative Government, by which time private beds in the health service had been reduced by nearly 50 per cent.

He says: "The BUPA private *hospital philosophy is based on* building our hospitals strategically where there is a need. The NHS pay beds are becoming more marginal in their impact on the rest of the sector." The private hospitals must combine quality and service.

Another factor has been the even more spectacular growth in provident medical insurance. Lee Donaldson Associates, who monitor the provident schemes for the DHSS, found that by the end of last year there were 1.47m subscribers to the main provident associations and more than 3.5m people were covered by private health policies.

About one person in 15 is covered by private health insurance, mainly with BUPA. The increase has been marked since 1978 and Lee Donaldson suggest that by 1985, if the same trends continue about 12m people will be covered.

The main source of hospital bill funding is the income from subscriptions to insurance funds and by last year the three main groups' income of £154.5m from subscribers was three times that of five years earlier.

Even so many people still pay private medical fees out of their own pockets.

Mr Gordon Blackall, manager of the Nuffield Nursing Homes, says, "There has been *little* change in the past 15 or 20 years in the fact that approximately 42 per cent of private patients pay out of their own pocket. But at one time the bulk of patients paying for their hospital treatment from their own *financial* resources were elderly.

"Because of inflation there has been a marked drop in these patients and this has been offset by an increase of blue collar workers paying, particularly for their wives and *children, out of their own* resources."

Much of the initiative for private hospitals has come from the consultants, especially after the political row in the 1970s, but the management role of doctors is problematic. BUPA Hospitals refuse to allow doctors any say in financial management because it could lead to dangers. A doctor is trained to prescribe whatever is necessary for his patient without undue consideration to cost.

The British Medical Association's ethical rules lay down that doctors should tell patients whether they have a financial interest in the place they recommend for treatment. However, the patient is a very poor consumer as most people have very little knowledge of which medical service to opt for and naturally rely on their consultant. *This is why companies* such as Nightingale regard good links with the medical profession, particularly consultants, as vital.

In countries such as Japan and France clinics owned by doctors are common, but this is not a British tradition. The £3.3m West Yorkshire Independent Hospital in Bradford announced last year involves 70 consultants and 50 GPs, but the maximum share owned by a doctor is worth about 110,000.

The financial managers at Nightingale say they are surprised in their *research into* private medicine to discover how commercial many doctors are in their approach.

Medical facilities in private hospitals being built are good, but the size means that super specialisms such as transplants, *radio therapy and very capital* intensive treatment facilities are not available.

The limited range of most private hospitals is reflected in the fact that only one, the 273-bed Royal Masonic in Ravenscourt Park, London, is accepted as meeting the training standards laid down by the General Nursing Council.

Nurses in private hospitals are paid slightly above the rates for their counterparts in the NHS and there appears to be flexibility to allow married women to work part time.

The Government is now considering introducing a training levy on private hospitals. Social Service departments and some NHS Area Authorities are also concerned that the private sector pick up more of the bill for home care and after hospital services.

Standards of the private hospitals are the responsibility of the local health authority and there is statutory control through the Nursing Homes Act 1975.

The more enthusiastic medical entrepreneurs also see the market as a way of controlling standards. A hospital with poor standards of food, surroundings and medical back up will drive away patients and more particularly consultants.

There are five types of private hospitals in the UK:—

- Privately owned hospitals or those run by partnerships. These tend to be fairly small and there are about 30 of them. Most have under 50 beds.
- The religious orders have 28 hospitals with 1,118 beds. Many of these are unable to finance further developments and are *ripe targets for management* takeovers. This has already happened in the U.S. and in the UK AMI now runs St Anthony's in Cheam which it took over from the Roman Catholic order of the Daughters of the Cross.
- Hospitals run by charities and provident associations. The Nuffield Nursing Home Trust, for example, has 30 hospitals with about 1,000 beds. It is opening two more hospitals this year and extending several others.

BUPA Hospitals have been actively building hospitals for the past two years, although the general policy decision to become involved in private hospital building was taken five years ago.

- Hospitals owned by UK companies. There were 32 company-owned hospitals with about 1,000 beds at the beginning of the year. This is the part of the industry which is showing most growth. Many companies expect to recover their building costs in four to six years, although the rate of profit depends on occupancy levels.
- Hospitals owned by U.S. companies. These are the most controversial operators involved in the industry although the scale of their activity is much smaller than is generally supposed. American Medical International operates eight hospitals *and Humana owns the* Wellington hospital in London. It has recently been rebuffed in Ireland over its plans there.

American multinational medical companies see the UK as a good investment opportunity because of its relative stability, the growth in private medical insurance and the estimated 36,000 patients from overseas using private medicine in the UK.

Letters to the Editor

Unclear picture of the City

From the Director-General Committee on Invisible Exports

Sir,—Samuel Brittan had a point in his TV criticism (August 12) of the third in the series of James Bellini's *Rule Britannia* on the "City" of London. "A viewer might have been excused for supposing that the City Corporation ran the financial institutions." Perhaps that was the intention. Other reviewers were rather more puzzled.

What made it all more difficult was the use of statistics in the programme. The City, we were told, had transactions worth £400bn. But how were they earned? In what way? To what purpose? They were never explained; Mr Bellini simply talked about a money-go-round. The City's invisible earnings were derided, put at £1.3bn in 1980, and expected to drop by 36 *per cent by* 1982 *to £846m.* Again no explanation.

The truth is that the City's invisible earnings in 1979 were worth £1.86bn, that the 1980 figures will be published very shortly and that our members expect a rise in value terms of *between* 3 and 4 per cent in 1981. Moreover, the CoIE has just published an estimate which shows that Britain has become the largest net foreign earner in the world from financial transactions, insurance, consultancy etc (what are known statistically as "Other services") pushing the U.S. into number two position for the first time.

W. M. Clarke.
7th Floor,
The Stock Exchange, EC2.

Nato needs backbone

From Major-General R. Mans

Sir,—I believe you are less than fair to President Reagan in questioning on political grounds the timing of his decision to manufacture and stockpile the neutron bomb (August 11).

Rightly, in my view, you acknowledge the military logic of the President's action in the face of the Soviet Union's manifest superiority in armour over the Nato armies. A superiority that was explained away in the 1960s and 1970s by an assumption that our *qualitative technology more* than made up for the Russian numerical advantage. This has now become a dangerous delusion. Mr Reagan sees the need to take urgent steps to attempt to redress the balance.

Moreover, in recent months *the President* has seen a reduction in our own defence capability and a West German defence budget that will not meet the agreed Nato 3 per cent increase in defence expenditure. He has also witnessed the waverings of the smaller partners who want American protection but are often reluctant to face up to their own responsibilities in the Alliance.

Apparently Mr Reagan has now decided to put some backbone into the Alliance. Occasionally the European members need reminding that the U.S. is still the lynch-pin of Nato. Perhaps Mr Reagan is paraphrasing one of his most illustrious predecessors, Abraham Lincoln, and telling us that those who share the privileges of the Alliance must assist in bearing the burden.

(Major-General) R. S. N. Mans.
Kirke House, Sway Road,
Brockenhurst, Hants.

Energy costs

From the Managing Director, Worthington-Simpson.

Sir,—We have recently had a visit from the energy consultant of McGraw-Edison of the U.S., a large manufacturing corporation with many plants in the U.S. and which owns 50 per cent of this company.

The following is an extract from his report:—"As a result of your efforts, your consumption of coal and natural gas for heating has decreased by about 35 per cent from 1976 to 1980. I have recalculated an energy cost comparison between the UK and the U.S. This comparison is based on average 1980 costs and consumption data for both countries and using an exchange rate of *$2.34 equals £1.00* for 1980. On this basis, the cost comparison is:—

	UK % +
Electricity	50
Natural gas	50
Fuel oil	50
Coal	100
Coke	200"

While no doubt he has rounded off his percentages, and the exchange rate has changed since 1980, I believe this indicates the problem we are up against in world markets!

J. H. Page.
Lowfield Works,
PO Box 17, Newark, Notts.

Views on the economy

From the President, Confederation of British Industry.

Sir,—It would be unfortunate of your readers were to be left with the impression that the views on the economy expressed by Professor Reddaway and his academic colleagues (August 17) are widely shared by members of the Confederation of British Industry.

Many of our members would particularly disagree with the assertion that "the economic policies of the present Government have been the principal cause of the recession from *which the economy is now* suffering."

Certainly Professor Reddaway has worked with the CBI as one of a number of independent consultants. He did not discuss with us the document he has just issued. The views he and his colleagues have expressed are their own.

(Sir) Raymond Pennock.
Confederation of British Industry, Centre Point,
103 New Oxford Street, WC1.

Effects of enterprise zones

From Mr M. Brookfield

Sir,—I must correct Mr Roger Warren Evans assertion (August 10) that enterprise zones legislation is not a job-creation measure. In Sir Geoffrey Howe's Budget statement *of 1980 on* EZs he said: "We are proposing to establish, in the first instance, about half a dozen enterprise zones, with the intention that each of them should be developed with as much freedom as possible for those who work there to make profits and create jobs." Furthermore, the chief executive of the Borough of Trafford stated in his draft enterprise zone scheme brochure that "The idea in declaring an EZ is to encourage investment by mainly industrial and commercial firms in areas where *there are problems of unemployment.*"

Mr Evans also commented that new EZ property is likely to result in the earlier demise of older property. I wonder if Swansea council has given any consideration to blighted properties on the periphery of its EZ. I am the managing director of a company, adjacent to an EZ, that has suffered a loss of £350,000 in property value on a building that was purpose-built only 12 years ago. Are these blighted buildings part of Mr Evans' demise of older property? The Association of Independent Businesses prepared a report on EZs and presented it to Whitehall over 18 months ago. It stated that the proposals would merely encourage more office building and large warehousing *developments and widen the* scope for deals between local authorities and developers. In Trafford Park land values inside the EZs have increased by 30 per cent in the last 12 months. Under schedule 32 of the Local Government, Planning and Land Act 1980, all rating authorities with EZs will be fully compensated for the loss of rate revenue within EZs by the Treasury. No wonder councillors were so eager to adopt these schemes with the prospects of collecting ever increasing rates from an ever increasing surfeit of empty property.

I do not condemn EZs out of hand. Nevertheless, there is positive evidence at Trafford Park's EZ, that the concept's intentions are failing miserably. The largest job creator, so far, has taken on four new staff. This is an area where four out of every ten men could be unemployed by 1985 according to a recent city planners report. Manchester has lost 91,000 manufacturing jobs over the past 20 years. New industrial factory units are springing up all over the Greater Manchester area. For every 900 jobs offered, however, 3,600 are being lost. Mr Evans states that EZs offer great attractions to firms on the move. What about those freehold businesses that are imprisoned in their properties because of a plummeting spiral of rents and values outside the zones caused by the EZs and the 15m sq ft of available space in Greater Manchester. The colossal sum of £1.4bn (Mr Hollway's letter August 12) to be paid out of grants provided by Parliament to rating authorities over the next ten years *is* an immensely extravagant expenditure on an experiment that is already showing signs of complete failure. Only service orientated businesses are moving into these zones. Where is the logic in underwriting a 100 per *cent* reduction in rates to service industries that do not create wealth. Only manufacturing industries should be allowed to prosper and be attracted by the monetary incentives within these zones.

Michael Brookfield.
17 Coppice Avenue,
Sale, Cheshire.

Financing SWAPO

From the Chairman, Council of Ministers, Government of South West Africa/Namibia

Sir,—The Financial Times recently contained an interesting report (June 10) titled "Prospects bleak for Namibia deal on eve of U.S. talks," referring to South West Africa/Namibia. Most people have very little information about the national security interest the U.S. has in Namibia.

Although Namibia has a population of only 1m persons in a desert land twice the size of California, it has the largest uranium mine in the world, plus vast resources of diamonds, copper, zinc and other strategic minerals. Walvis Bay on Namibia's south-west coast is the only deep water port between Cape Town and Luanda, Angola 1,500 miles to the north which is useable by Soviet nuclear submarines to bisect the oil lifeline from the Persian Gulf.

For some years a Soviet-sponsored terrorist organisation known as Swapo (South West Africa People's Organisation) has been conducting a guerrilla campaign from sanctuaries in Marxist Angola to take over Namibia. The United Nations, which U.S. taxpayers support with $600m a year, uses some of its budget to finance Swapo. To this extent, Americans are financing their own destruction. Congress should prohibit UN use of American tax dollars to finance terrorism.

Dirk F. Mudge,
Private Bag 13289/Privaatsak/ PPS,
Windhoek,
South West Africa,
Namibia, 9000.

Industrial rating

From Mr C. Wilson

Sir,—I fear that the country's stock of industrial buildings is likely to deteriorate unless some form of de-rating is reintroduced.

Since the war, average open market values of factories in inner London have probably inflated about 15 times but average rates payable by the industrialist will have multiplied well over a hundred times. Thus, the actual or notional net income of factory owners is utterly inadequate to allow for sinking funds for the eventual replacement of the bricks and mortar. Fears about demolition are well founded.

My suggestion is that up to 75 per cent de-rating relief might be allowed against sums properly spent on works of repair and maintenance. This would not only assist the industrialist but in addition to safeguarding the nation's industrial property assets would provide regular jobs for those in the building trade.

Often these empty rates charges are payable while delays occur over town planning procedures. Without any appreciable harm to the environment many regulations relating to industrial and commercial use changes could well be suspended, or rescinded altogether in the case of pre-1914 buildings.

C. F. Wilson,
Chamberlain & Willows,
Church House,
Ironmonger Lane, EC2.

Today's Events

GENERAL

UK: TUC's Employment Policy and Organisation Committee meets to discuss closed shop, London.

Institute of Credit Management hold credit clerks' training day, Kensington Palace Hotel, W8.

Guardia Shutters applies to *VAT tribunal for leave to appeal* without payment of tax owed.

London Chamber of Commerce announces top secretary of the year.

Overseas: Organisation of Petroleum Exporting Countries emergency meeting to decide on prices and output, Geneva.

Mr Ariel Sharon, Israeli Defence Minister, begins three-day visit to Egypt.

Polish printers on strike in support of Solidarity.

OFFICIAL STATISTICS

Cyclical indicators for the UK economy for July. Department of Employment publishes June indices of average earnings and July indices of basic rates of wages. Department of the Environment gives June figures for new construction orders.

COMPANY MEETINGS

Regallen Properties, Washington Hotel, Curzon Street, W, 3.0. Technology Investment Trust, 8 Crosby Square, 10.15.

COMPANY RESULTS

Final dividends: Press Tools. Reliance Knitwear Group. Interim dividends: Richard Clay. English and Scottish Investors. Johnson Group Cleaners. Rotork.

CITY OF LONDON LUNCH-TIME MUSIC

Concert by Metropolitan Police Band, Finsbury Circus Gardens, 12.0 noon.

Recital by the Thamyse String Trio, St Lawrence Jewry, Gresham Street, 1.0 pm.

Recital by Keith Curry (violin) and David Silkoff *(piano), St Olave, EC2, 1.05 pm.*

Organ recital by Malcolm Davey, St Bride's, Fleet Street, 1.15.

Recital by Charles Meinardi (violin) and Marjorie Dutton (piano), St-Martin-within-Ludgate, 1.15 pm.

Unilever pushes ahead to £203m in second quarter

WITH nearly all consumer product groups in Europe improving their results over the depressed levels of a year ago, pre-tax profits of Unilever rose from £162.3m to £203m in the second quarter of 1981 and left the half year figure some 27 per cent ahead from £287m to £364.1m.

Second quarter total sales at £2.88bn were 13 per cent higher in value and represented a 2.5 per cent increase in volume. Half year sales improved by 14 per cent to £5.64bn with Unilever PLC contributing £2.35bn and N.V. £3.29bn (£2.81bn).

The directors report that the industrial businesses continue to suffer from the economic recession and results of these product groups were down on last year. Exports from European countries, however, improved considerably.

In the U.S., results were somewhat higher than in 1980, with National Starch being the main contributor to the improvement.

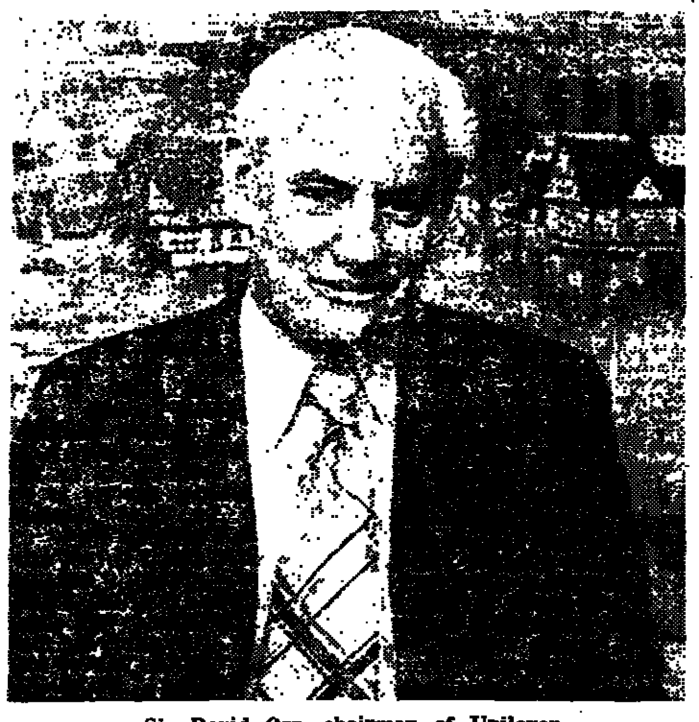
Outside Europe and North America, many countries had a good quarter and figures were substantially better than in the corresponding three months last year. Results of UAC International were little changed.

Second quarter operating profits advanced 29 per cent from £162.9m to £209.6m. The share of associates was up at £12.6m (£11.4m) but, mainly because of high interest rates, the interest charge rose from £12.3m to £19.7m. Income from trade investments amounted to £0.5m (£0.3m).

Group tax took £79.1m (£72.2m) and associates tax £6.2m (£6.7m). The attributable profit of £132.1m (£77.8m) included UK stock relief of £30.3m. Some £22.3m of this relates to previous years and £4m to the first quarter of 1981. Second quarter earnings per share are shown to have risen from 20.94p to 36.61p, and those for the half year are up from 36.34p to 56.99p.

On June 1 1981, Unilever Limited was re-registered as a public company and changed its name to Unilever PLC.

As has been the group's practice, results for the quarter and the half-year and the comparative figures for 1980 have been calculated at comparable rates of exchange, which were the closing rates of 1980. Total concern profit attributable to ordinary capital for the current quarter and the half-year has also been recalculated at the rates of exchange current at the end of June 1981.



Sir David Orr, chairman of Unilever

Stock relief provisions affected tax figures in two respects. The charge for second quarter and the first half of the current included £8m stock relief, of which £4m was applicable to the first quarter of 1981.

See Lex

	Second quarter 1981 £m	Second quarter 1980 £m	Half year 1981 £m	Half year 1980 £m
External sales	2,875	2,544	5,635	4,933
PLC	1,187	1,096	2,346	2,125
N.V.	1,688	1,448	3,289	2,808
Operating Profit	209.6	162.9	370.9	291.8
Associates	12.6	11.4	26.4	21.1
Investments Income	0.5	0.3	0.7	0.6
Interest	19.7	12.3	33.9	26.5
Loan Capital	17.5	15.1	33.7	29.3
Other Interest	2.2	†2.8	0.2	†2.8
Profit before tax	203.0	162.3	364.1	287.0
Group tax	79.1	72.2	156.5	130.4
Associated tax	6.2	6.7	13.1	12.1
Group tax adjustments	22.3	1.6	22.1	1.6
Associated tax adjustments	0.5	—	0.5	—
Minority profits	7.6	6.4	11.0	9.5
Preference dividends	0.8	0.8	1.6	1.6
Attributable	132.1	77.8	204.5	135.0
Exchange rate difference	3.9	—	7.2	—
Total attributable	136.0	77.8	211.7	135.0
PLC	72.1	38.9	113.0	72.1
N V	63.9	38.9	98.7	62.9

† Credit.

Capital & National at £1.05m

Revenue available of the Capital and National Trust came out just behind at £1.05m for the year ended July 31 1981, against £1.11m, but the dividend is increased slightly from 6.75p to 6.95p with a final payment of 4.7p net.

Also announced is an interim for the current year, unchanged at 2.25p per 25p share.

Gross income for 1980-81 amounted to £1.73m against £1.8m, and the revenue figure was struck after interest of £22,500 (same) and tax of £558,218 (£578,250).

Net asset value per share, at the year end, is given as 249.3p, compared with 201.9p.

First Scottish American Trust ahead

Revenue after tax of the Dundee-based First Scottish American Trust Company advanced from £696,577 to £762,245 in the half-year to July 31 1981.

The interim dividend is being maintained at 1.3p net per 25p share. Last year a total of 4.55p was paid on revenue after tax of £1.44m (£1.34m).

Earnings per share are stated at 2.39p (2.21p) and the net asset value at 175.2p (136.1p).

Corporation tax took £150,300 (£92,400) and imputation tax was £267,258 (£262,016).

A. Worthington drops £94,743 into the red

A slump in second half figures, from £11,147 surplus to losses of £111,743, has left textile product manufacturer A. J. Worthington (Holdings) in the red by £94,743 for the year ended March 31 1981, against profits of £83,147.

In the interim report—profits then were £17,000 (£72,000)—the directors stated that trading conditions had continued at a low level into the second half and there was no definite sign of an end to the recession in the textile industry.

Below the line there was a tax credit of £54,366, against a £23,136 charge and after an extraordinary credit of £104,922 (nil) the group came back into the black with £64,545 (£60,011) at the attributable level.

The dividend is down slightly from 1p to 0.9p net per 10p share with a final payment reduced from 0.589p to 0.49p.

On a CCA basis the pre-tax loss, which was struck after interest of £47,256 (£14,645), is increased to £180,000.

Meat Trade suppliers at £458,564

PRE-TAX profits of Meat Trade Suppliers slipped from £463,256 to £458,564 in the 52 weeks to April 4 1981, on lower turnover of £7.72m compared with £8.91m.

At the half-year stage, this manufacturer and supplier of sausage casings and butchers equipment was ahead with taxable profits of £221,060 (£200,670).

The final dividend is being maintained at 4.375p net per 25p share making a same again total for the year of 7.875p.

Group operating profit amounted to £189,071 (£330,148) and investment income was £269,493 (£153,108). Tax took £182,446 (£207,995) after a transfer to deferred tax of £1,893 (£39,067) and a deduction of £1,188 (£25,332) for prior over-provision. Additionally, there was a release from deferred tax of £183,272.

The attributable profit emerged at £489,128 (£275,261) after extraordinary credit of £39,738 (nil).

Dufay moves ahead to £181,000 in first half

FOLLOWING a slump from £611,097 to £40,488 for the whole of the previous year, taxable profits of surface coatings manufacturer, Dufay Bitumastic, moved ahead to £161,000 for the first six months of 1981, compared with £78,000.

Three companies produced record turnover in the second quarter and, although margins were under severe pressure, it augurs well for the future, directors state — group sales were £5.79m (£5.6m) for the half.

The current level of activity within the group, in particular orders already received for pipeline enamel for delivery in the second six months, should ensure a healthy outcome for 1981, the directors say.

The group returns to the interim dividend list with 0.5p net per 10p share — last year's final payment was 2p. Earnings are given as 1.02p compared with 0.39p per share.

Results were achieved against the world recession, and while the reorganisation was undertaken at Dufay Titanine, with the closure of the North Fleet factory and its removal to Shildon.

The policy of reducing short-term borrowings is proceeding as planned, most of which will be eliminated by the year end.

Pre-tax figure was after depreciation of £124,000 (£120,000), and interest, much lower at £77,000 (£145,000), but subject to tax £60,000 against £34,000.

The attributable balance came through at £101,000 (£44,000) after an extraordinary debit of £20,000 (nil).

The directors explain that a contingent liability claim against a subsidiary, has been settled in the group's favour.

On sales down slightly from £3.53m to £3.23m, pre-tax profits of Dufay Titanine dropped to £42,000 (£185,000) and after tax, £16,000 (£96,000) and an extraordinary debit of £10,000 (nil), the attributable surplus was behind from £89,000 to £16,000.

● comment

If Camrex is still interested, or another predator is thinking of using Camrex's 28.4 per cent stake is a springboard, this may be a good time to make a move for Dufay Bitumastic. Profits have just started to respond to recent management attention to costs and have yet to reflect the big recovery the group is now claiming in its principal markets. Pipeline orders from the Middle East are coming through at much their previous peak rates — aggregate sales for this month and last have equalled the total for the first half at about £1.5m — and Titanine should claw back the interim shortfall now that the factory move has been accomplished and major orders for overseas airlines are being won. The powder coatings division is set to fulfill the promises made with the last accounts an dis expected to boost its £500,000 annual turnover to £3m very quickly. The balance sheet has been strengthened significantly and Dufay could be in a net cash position by the year-end. It aims to pick up small UK and Greek manufacturing acquisitions in the near future and is negotiating to strike a Spanish deal of sufficient size as to warrant a Class I circular early next year. The prospective yield of 9 per cent on full dividend restoration suggests that little of the potential has been discounted at 44p, up 1p yesterday, and the shares are still way below net asset backing.

HIGHLIGHTS

After briefly looking at the money markets ahead of today's monthly make-up day the Lex column looks at the second quarter figures from Unilever where a strong performance has been achieved with a 25 per cent profits rise to £539m for the half year. At De Beers pre-tax profits have collapsed from R539m to R293m at the interim stage. The company's main problem has been the holding of very high stocks of diamonds at a time when demand has withered. Yesterday saw yet another offer for Ofrex. This time Gallaher has come up with its final offer price of 190p a share; 10p above its earlier price and 20p above rival Dennison's bid. Finally Lex comments on the Australian budget surplus.

Pentos given approval to offer controlling stake in Jeavons

AT AN extraordinary meeting on Monday this week, share and loan stock holders of Pentos passed a resolution for the offer for sale of a controlling stake in one of the group's principal industrial subsidiaries, Jeavons Engineering.

Accordingly, the prospectus for the offer, by stockbrokers Kitcat and Aitken, is published today inviting applications for 3.36m 25p ordinary Jeavons shares at 62p per share. The offer comprises 60 per cent of the equity. Pentos will retain the remainder as a long-term investment, and will give Jeavons a market capitalisation of £3.47m.

Jeavons was acquired by Pentos for £1.95m in 1976 and its profits have since risen from £268,000 for the initial nine-month period to £932,000 in 1980, having reached a peak of £1.02m pre-tax in the previous year.

This year, however, the subsidiary is only forecasting £575,000 pre-tax which indicates a notional fully taxed p/e of 12.6 prospectively of a multiple of 7.8 times earnings after the projected tax charge of £132,000.

On July 24 1981 Jeavons declared an interim dividend of £140,000 with the result that the net tangible assets of the subsidiary on June 30, as warranted by Pentos, were not less than £2m. That dividend is payable to the parent on December 31.

The board proposes to declare a second interim dividend of 1.125p net per share for payment at the end of the year and subject to the achievement of the profit target, Jeavons intends to pay a net final dividend of 1.125p per share.

Had the subsidiary been quoted independently since the beginning of the year, it would have paid a net aggregate dividend of 3.75p, covered 2.1 times by profits after projected taxation and 1.3 times after a full rate charge. The yield at the offer price would thus have been 8.64 per cent.

Jeavons is the largest UK manufacturer of gas pressure regulators for domestic, commercial and industrial applications, in which British Gas takes some 35 per cent of its production, and is a major manufacturer and supplier of compression fittings, under the trade name "Jevco," for domestic and commercial plumbing.

Sales last year climbed from £5.98m to £6.77m and were divided equally between the two product groups.

● comment

After five years in the Pentos stable, Jeavons should re-establish its independence quite successfully. Profits this year are going to be poor but at least the group is confident of its export potential, of in-filling in those areas of its UK base where it is thinly represented and, for the short term, that customers are starting to re-stock the full range of compression fittings. It seems reasonable to suppose that profits can be restored quite quickly to their 1979 peak, when Jeavons was generating gross cash of £903,000. On that basis, the balance-sheet is unlikely to assume much of a burden in the foreseeable future and the dividend should be under no pressure. With the parent looking to push its principal garden products, bookselling and, perhaps, office furniture operations along the same route at a not too distant date, it would be surprising indeed if these projections had not been conservatively pitched.

Thames Oil raises £9m by private placing

Thames Oil and Gas has raised £9m by means of a private placing of 6m ordinary £1 shares at 150p a share. The shares were payable as to 80p on application, the balance being subject to call at the company's discretion. A total of £4.8m (less expenses) has been received by way of initial subscription.

Thames is a newly formed company which has been set up principally to participate in oil and gas exploration and production projects to be carried out by Clyde Petroleum in North America.

Clyde's principal objectives in North America are to develop projects for the secondary recovery of oil and to explore for oil and gas.

Thames's participation agreement with Clyde provides that Clyde must offer Thames a chance to take part in almost all Clyde's North American projects. Thames can vary its share from project to project, with a maximum of 33⅓ per cent. It is also free to turn down unsuitable projects.

The chairman of Thames is Mr Alastair Morton, formerly managing director of BNOC. Other directors include Mr Kenneth Edwards and Dr David Whitbread—who will be the executive directors with primary responsibility for assessing projects. The remaining four directors represent institutional shareholdings.

The shares have been placed by Morgan Grenfell and Scott Goff Hancock with their institutional and private clients. Sixty per cent of the shares are held by the seven largest holders Standard Life, Barnard Enterprises (Prudential Assurance), London and Midland Industrials, TR Energy, Baring Brothers, Morgan Nominees, and S. G. Warburg.

No application has been made for the shares of Thames to be listed or traded on any stock exchange. Some form of quotation may be sought in London when Thames has established a trading record.

● comment

After a sequence of flops in the last nine months, Thames Oil and Gas shows that it is still possible to collect risk capital in London for purposes connected with North American exploration. Thames has some unusual features, which have plainly counted in its favour. Its present emphasis on secondary recovery will limit risk, commending it to the more cautious institutions; its freedom to reject any unpromising projects proposed by its operating partner—Clyde Petroleum—should help to lift the success rate above the average for drilling funds. Perhaps as important as these facets of Thames's intended style, is the fact that it has been set up in the City (rather than coming from registration in Luxembourg or Vancouver). In any event, the recipe has been successful; plans to offer 5m shares turned into a placing of 6m shares as institutional interest was aroused. (The authorised capital had hastily to be increased en route.).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Apex Props.	1.3	Oct 21	1.3	2	2
Capital & Natl.	4.7	Nov 23	5	6.95	6.75
Capital & Natl. ......int.	2.25§	Apr 6	2.25	—	6.95
De Beers ......int.	25‖	—	25	—	75
Dufay Bitumastic ...int.	0.5	Nov 16	Nil	—	2
First Scottish Amer. int	1.3	Oct 1	1.3	—	4.55
Gold Fields	320‡	—	270	500	400
International Inv. ...int.	1.75	Oct 3	1.6	¶	4.15
Kamunting Tin	17.5**	Sept 30	40	27.5	80
Meat Trade Suppliers	4.38	—	4.38	7.88	7.88
Sungei Besi Mines	155**	Sept 29	280	310	480
Wholesale Fittings	3.03	Oct 19	2.75*	4.13	3.75*
A. J. Worthington	0.49	Oct 8	0.59	0.9	1

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents. § For current year to July 31 1982. ¶ Total of 4.15p forecast. ‖ South African cents throughout. ** Malaysian sen subject to 40 per cent Malaysian tax.

Apex Props improves at year-end

PRE-TAX PROFITS of Apex Properties rose from £691,094 to £721,212 in the year to March 31, 1981. At halfway the figures had declined from £99,151 to £85,458. Turnover of this property investment and development company for the full year was little changed at £1.1m.

After tax up from £336,598 to £379,759, net profits came out at £341,453 (£354,496). There was an extraordinary credit this time of £53,167. Stated earnings per 10p share were slightly lower at 3.17p (3.29p), and the final dividend is unchanged at 1.3p for a same-again total of 2p.

Receiver looks at Oxley situation

FOLLOWING MONDAY'S statement that Oxley Printing Group had been put into receivership, Mr Ian McIssac, a partner of Touche Ross, chartered accountant, said yesterday that no redundancies had been made.

It was likely, however, that some of the group's activities might be curtailed while others might continue at present levels, he said. The Receivers hope to have completed their initial investigation by early next week.

Oxley has a seven-year contract worth £1m a year to print the TV Times.

The shares were suspended last Friday at the company's request. At the 14p suspension price the group had a market capitalisation of about £1m.

YEARLINGS SLIP

THE INTEREST rate for this week's issue of local authority bonds is 14½ per cent, down an ¼ of a percentage point from last week. The bonds are issued at par and are redeemable on August 25, 1982.

A full list of issues will be published in tomorrow's edition.

IN BRIEF

PENNINE RESOURCES — Profit for period August 13, 1980, to March 31, 1981, £170,783, after interest received £242,601. Tax £75,211.

DIMBULA VALLEY CEYLON — Net profit 1980 was £22,834 (£57,490). Because of agency error figures transposed in yesterday's edition.

RUBBER ESTATES OF CEYLON—Net profit for 1980 was £6,008 (loss £2,647). Because of agency error figures transposed in yesterday's edition.

SPAIN

August 18	Price %	+ or —
Banco Bilbao	361	+2
Banco Central	384	
Banco Exterior	436	
Banco Hispano	333	+2
Banco Ind. Cat.	121	
Banco Santander	405	—4
Banco Urquijo	226	
Banco Vizcaya	381	+2
Banco Zaragoza	243	
Dragados	218	—4
Espanola Zinc	78	
Fecsa	71.5	+0.5
Gal. Preciados	53	+1
Hidrola	80.7	+1
Iberduero	57	
Petroleos	129.7	+1.2
Petroliber	85	
Sogefisa	54	
Telefonica	78	+0.5
Union Elect.	76.5	

posed in yesterday's edition.

THE TRING HALL USM INDEX

127.8 (unchanged)

at close of business 18/8/81

BASE DATE 15/11/80 100

Tel 01-248 5675

CORAL INDEX

Close 565-570 (—4)

OIL INDEX

October Refined $42.30

December Refined $43.90

BIDS AND DEALS

Grimshawe buying and selling

Grimshawe Holdings has bought all the share capital of Allied Sales (London) for £150,000 cash.

Allied imports and distributes a range of plastic bags and clothes pegs. It has supplied the Grimshawe group for some time and will fit in well with the consumer product division Cindy.

During the 13 months to April 30, 1981 Allied made pre-tax profits of £47,000 and had net assets of £87,772 at that date.

Grimshawe proposes to sell the fixed assets and stock of its subsidiary Aspex to two of the Aspex directors for approximately £20,000 cash.

Aspex will then cease to trade, but the business will be continued under an alternative name given by the new owners.

In the year to April 30, 1981 Aspex made a small loss. The book value of the assets being sold amounts to approximately £40,000. The company imports and distributes parts and machinery for the ophthalmic industry. The UK ophthalmic market is currently depressed and no improvement is seen in the short to medium term.

TURNBULL IN TAKEOVER TALKS

Turnbull Scott, the shipping and engineering group, is in talks with Fred Parkes, a family-owned Grimsby group which it wishes to take over.

Parkes has four divisions: coastal oil tanker shipping; inshore fishing and agency services; fish merchanting and processing; and farming.

It is believed to be about a quarter of the size of Turnbull, which has shareholders' funds of £12.3m.

SHARE STAKES

Moss Bros—Prudential Corporation Group has acquired a further 25,000 ordinary shares bringing its total holding to 169,000 (6.70 per cent).

Cronite Group—The Cronite Group Pension Fund purchased 5,000 ordinary shares on August 5.

Amber Day Holdings—Mr M. Dickson, director, purchased 10,000 ordinary shares.

Richards—Edinburgh Investment Trust holds 700,000 ordinary (5.83 per cent).

Tranwood Group—Mr C. W. Ward (managing director) sold 50,000 ordinary shares.

A. Monk and Co.—The Norwich Union Insurance group has reduced its holding in the ordinary capital from 690,000 shares to 405,000 shares (3.75 per cent).

Gallaher's 'fifth and final' offer is 190p

BY REG VAUGHAN

Gallaher, the Benson and Hedges Silk Cut and Old Holborn tobacco group, yesterday played its fifth and final card in the three-week struggle to acquire control of Ofrex Group, the London-based office supplies and industrial products company.

Gallaher has increased its bid from 180p to 190p per share, valuing Ofrex at £37.7m. The group—which now has a 14.6 per cent stake in the company—says that this is "a final offer which will not be increased."

This move by Gallaher takes its offer 20p above the rival bid from Dennison Manufacturing, the Delaware-based stationery manufacturer, which has received the continued blessing of the Ofrex board.

This is Gallaher's third increased bid in the last 10 days and brings to eight the number of offers received by Ofrex since Dennison announced an agreed offer of 130p per share on July 24.

Dennison and its financial advisers, Morgan Grenfell, were locked in meetings yesterday to decide on the next move. Since its original bid Dennison has *purchased a 27.3 per cent stake* in Ofrex through the stock market and has shares committed to its bid taking its holding up to 43.3 per cent.

The ball is firmly back in Dennison's court and its next move will decide the outcome. For Gallaher to succeed in the market it needs to win over the large majority of the outstanding shareholders.

Three insurance companies holding almost 14 per cent of the Ofrex shares indicated yesterday that they would wait to see the formal offer documents before deciding on what action to take. These were the Prudential with over 7 per cent, Norwich Union with 3 per cent and the Royal London Mutual with around 3.3 per cent.

The offer from Dennison has been promoted by the Ofrex board because of what it described as "significant risks" of action being taken under U.S. anti-trust *legislation*.

Gallaher's parent American Brands has a subsidiary Swingline which controls about 65 per cent of the American stapler market, Ofrex's subsidiary Rexel has about 4 per cent of the U.S. market.

Gallaher disputes this risk. It says that after taking expert advice from leading lawyers in the U.S. it is advised that "the likelihood of its offer being impeded is extremely remote."

Meanwhile, the London Stock Exchange is still looking into dealings in Ofrex shares prior to their suspension. Between July 9 and July 22 when they were suspended at 122p, Ofrex shares had risen by 36 per cent.

The shares closed 10p higher at 190p in London yesterday.

RMC rationalised in Australia

FROM OCTOBER 1, BMI and CSR plan to rationalise their interests in Ready Mixed Concrete, of which they presently own an equal share acquired by takeover in 1964.

The transaction involves the purchase by CSR of BMI's shareholdings in RMC, and the purchase by BMI of certain of RMC's operational assets.

This will result in BMI acquiring ownership of the RMC Queensland, Victorian and Tasmanian regions and the UK company, which will complement BMI's existing quarrying and concrete operations historically and largely located in New South Wales.

In NSW, BMI will acquire the 50 per cent interest of RMC in RMCI, and an increased shareholding in the Penrith Lakes Development Corporation. RMC will retain, as a wholly-owned CSR subsidiary, the NSW, South Australia, Northern Territory and West Australian regions plus the mobile quarrying units, as well as the RMC establishment in Hong Kong and China.

With the exception of some minor RMC head office management reorganisation, all RMC employees will continue to work at their present jobs.

As well as RMC changes, joint ventures involving BMI and Farley and Lewers (owned 53 per cent of CSR) have been reviewed. In Queensland, BMI will sell its 30 per cent interest in Farley and Lewers (Queensland) to Farley and Lewers, and in Canberra, BMI will purchase Farley and Lewers' 49 per cent cent in Canberra Quarries.

Neither BMI nor CSR expects the moves to have material effect on their earnings. In the past, each has taken RMC dividends into investment income under a policy of full distribution of profits. In 1980, BMI and CSR each received a dividend of A$4.3m from RMC.

The directors of RMC said yesterday that unaudited figures show net profit after tax of A$10.7m for the year ended June 30, 1981. This is after extraordinary items, tax of A$6.8m and depreciation A$12.77m. The result represents a 23.58 per cent advance on the previous year.

For the time being, all RMC operations in the various regions, whether in BMI or CSR, will continue to use the familiar orange livery and "diamond" logo. Eventually, the activities which are to be integrated into BMI operations will assume new identities and the RMC name and livery will be used exclusively by RMC.

A further major change in the overall rationalisation of the industry will come from the move (previously reported) by CSR to acquire the remaining shareholding of Farley and Lewers, where it currently holds 53 per cent.

In due course, CSR will be integrating the activities of RMC and Farley and Lewers into one wholly-owned subsidiary.

Crown House expansion

FOLLOWING the recent purchase of Denbyware, the current year at Crown House is unlikely to see any significant acquisitions, Mr Patrick Edge-Partington, chairman, says in his annual review.

However, further expansion in the tableware field will be considered should appropriate opportunities arise, he adds.

There are plans to expand the engineering services, covered by Crown House Engineering in thet UK, which might involve an acquisition, should a suitable opportunity occur.

"Particular care will be taken to ensure that the group remains strong in liquid terms, and capital expenditure plans are being carefully monitored," he states.

For the groups as a whole Mr Edge-Partington says the board has some hope of seeing an improvement in profits during the 1981/82 year, but given a continuation of the current trading conditions, this is unlikely to be on any significant scale.

He adds that it remains "the firm intention of the board to maintain the business at proper margins."

As reported on July 21 the group was in line with its forecast and finished the March 31 1981 year with profits of £2.09m pre-tax, although they were down from the previous year's figure of £4.55m. Turnover was £136.5m (£153.9m) and the dividend was maintained at 5.25p net per share.

At balance sheet date shareholders' funds stood at £19.52m against £14.71m, and net current assets were £13.25m compared with £11.91m. Net cash balances increased by £7.69m (£4.36m decrease).

Meeting, Connaught Rooms, WC, on September 10 at 11 am.

International Investment revenue fall

After-tax revenue of the International Investment Trust was lower at £685,627 for the half year ended July 31 1981, against £788,788. The interim dividend is stepped up from 1.6p to 1.75p net per 25p share, as forecast, but the directors expect to maintain the year's total at 4.15p.

Gross income for the six months was £1.28m, compared with £1.4m, management expenses and interest took £279,526 (£234,063) and tax charged was £318,231 (£375,807).

Out of the available balance, preference dividends will take £14,046 (same) and ordinary payments £599,619, against £548,090.

The Trust's policy of moving funds abroad has continued by making portfolio investment into Japan, and in direct investment in oil and gas leases and production, the directors state.

Total net assets amounted to £55.13m (£45.84m) as at July 31, compared with £47.63m at January 31 1981.

LONDON TRADED OPTIONS

August 18, Total Contracts 1669. Calls 1551. Puts 118.

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	280	56	6	64	—	72	—	330p
BP (c)	300	36	1	52	—	60	—	"
BP (c)	320	22	39	34	11	—	—	"
BP (c)	330	—	—	—	—	40	5	"
BP (c)	410	2	2	4	—	—	—	"
BP (p)	320	8	2	15	—	—	—	"
CU (c)	160	17	5	26	—	29	1	168p
CU (c)	180	10	78	17	—	20	—	"
Cons. Gld (c)	420	113	1	123	—	138	—	526p
Cons. Gld (c)	460	73	1	93	—	105	—	"
Cons. Gld (c)	500	50	15	70	8	80	1	"
Cons. Gld (c)	550	30	8	40	22	50	1	"
Court'lds (c)	60	10	—	15	—	16	1	66p
Court'lds (c)	80	1½	—	3	10	—	—	"
GEC (c)	600	220	10	—	—	—	—	797p
GEC (c)	650	170	1	195	—	—	—	"
GEC (c)	700	130	—	150	—	170	1	"
GEC (c)	750	76	15	107	—	132	—	"
GEC (c)	800	37	33	70	—	92	—	"
Gr'd Met. (c)	180	42	91	53	—	—	—	219p
Gr'd Met. (c)	200	26	75	36	60	44	—	"
Gr'd Met. (c)	220	12	69	21	34	27	10	"
Gr'd Met. (p)	220	8	5	11	69	12	—	"
ICI (c)	240	56	2	—	—	—	—	286p
ICI (c)	260	36	11	48	—	58	—	"
ICI (c)	280	17	51	34	—	40	1	"
ICI (p)	300	8	76	20	1	28	—	"
ICI (p)	280	9	8	11	12	18	—	"
Land Sec. (c)	312	37	—	45	1	—	—	340p
Land Sec. (c)	336	19	5	30	—	—	—	"
Land Sec. (c)	368	6	1	13	—	—	—	"
Mks & Sp (c)	110	33	3	—	—	—	—	138p
Mks & Sp (c)	120	24	1	28	—	33	5	"
Mks & Sp (c)	130	15½	44	20	—	24	5	"
Mks & Sp (c)	140	7	166	11½	4	19½	1	"
Shell (c)	360	67	12	66	2	74	—	412p
Shell (c)	390	32	7	48	—	56	—	"
Shell (c)	420	16	12	28	30	40	1	"
Shell (p)	390	9	2	16	—	20	—	"
Shell (p)	420	22	2	26	1	30	1	"
		August		November		February		
Barclays (c)	420	50	—	60	4	78	—	465p
Barclays (c)	460	10	13	30	14	50	2	"
Imperial (c)	60	4	—	5½	6	8½	—	64p
Imperial (c)	70	½	—	2½	5	3½	6	"
Lasmo (c)	600	27	4	67	—	97	—	620p
Lasmo (c)	650	6	26	35	—	60	1	"
Lonrho (c)	90	2	5	6½	25	10	15	91p
Lonrho (c)	100	½	—	2½	—	4½	14	"
Lonrho (c)	110	½	—	1	1	—	—	"
P & O (c)	120	1½	—	6	1	10½	—	116p
P & O (c)	130	½	—	2½	—	6	5	"
Racal (c)	330	150	—	163	1	168	—	478p
Racal (c)	360	120	—	133	2	143	—	"
Racal (c)	390	90	2	107	15	115	—	"
Racal (c)	420	60	—	77	4	95	—	"
Racal (c)	460	22	24	45	47	65	—	"
Racal (c)	500	—	—	20	—	40	9	"
Racal (p)	460	4	—	18	11	23	—	"
Racal (p)	500	—	—	38	95	45	5	"
RTZ (c)	390	212	—	220	1	—	—	597p
RTZ (c)	420	182	—	190	1	—	—	"
RTZ (c)	460	142	—	160	3	197	—	"
RTZ (c)	500	102	—	120	5	163	5	"
RTZ (c)	550	52	11	83	4	123	1	"
RTZ (c)	600	10	53	53	49	95	4	"
RTZ (c)	650	—	—	42	31	62	3	"

C=Call P=Put

MINING NEWS

TDG deal in America

Transport Development Group said yesterday that it has completed arrangements for its newly-formed U.S. company, Hausman Steel Corporation, to acquire the business and assets of the fabrication and supply division of **Penn-Dixie Steel Corporation**. The Group also announced that it is to make an offer through the market for the whole of the outstanding amount of its 7 per cent loan stock.

The total purchase consideration of TDG's acquisition amounts to $6.5m and this includes the freehold and leasehold premises, plant and machinery, and stocks, together with liabilities assumed.

Penn-Dixie Steel is engaged in the business of processing and supply of steel reinforcement bar and mesh to the construction industry from eight locations in the mid-West and South-West of the U.S. Turnover for the business was $33m during 1980.

TDG has instructed Sheppards and Chase (Stockholders) to make an offer through the market for the company's 7 per cent loan stock, namely £216,000 nominal, at a price, including accrued interest, of £75 per £100 nominal of loan stock (subject to selling expenses).

The offer opened at 9.30 am yesterday and will remain open until the close of business on September 11 1981.

The offer price of £75 per cent compares with the middle market quotation of £70 per cent as at August 14.

TDG states that it has no intention of making any offer for the loan stock or of redeeming the loan stock prior to its final redemption date, and that it already holds more than sufficient loan stock to meet its sinking fund obligations up to that date.

De Beers' profits wilt with weak gem market

BY KENNETH MARSTON, MINING EDITOR

THE SEVERITY of the world recession in diamond sales has weighed heavily on earnings of South Africa's **De Beers Consolidated Mines** *in the first half* of 1981. Pre-tax profits have dropped 45 per cent to R293.5m (£170.5m) from £539m a year ago.

At the net attributable level, earnings for the half-year come out at R254m, equal to 70.6 cents (41p) per share, against R414.5m in the same period of 1980 and that year's total of R852.8m. The interim dividend is being maintained at 25 cents. A final of 50 cents followed for 1980.

	Half-year to 30.6.81 Rm	Half-year to 30.6.80 Rm
[illegible]	[illegible]	[illegible]
Profit before tax	233.5	532.0
[illegible]	[illegible]	[illegible]
Profit after tax	212.4	349.9
[illegible]	[illegible]	[illegible]
Interim dividend	25c	25c

Increased investment income, largely from gold mining holdings, and higher revenue from other sources have been greatly *outweighed by the fall in that* from diamonds which has dropped to R200.7m from R449.2m a year ago.

This reflects the fall in the value of world sales of rough (uncut) diamonds handled on behalf of De Beers and other producers by the group's Central Selling Organisation. The latter, which last *raised* its prices by an average of 12 per cent in February 1980, recently announced a fall of 40 per cent in sales for the first half of this year to a total of $940.5m, or R747.6m.

The impact of the recession on De Beers' income in terms of South African rands will have been cushioned to some extent by the strength of the U.S. dollar in which currency diamonds are priced. At the same time, however, this will not have helped the diamond market which is also being hit by high interest rates.

The better quality and larger gems which come into the so-called investment category of *polished diamonds remains* particularly weak. The rare and top grade D-Flawless stone of one carat, for instance, would have cost around $63,000 in March, 1980. Today, a buyer might be able to get one for around $33,000 whereas a seller might be offered only $22,000.

At the other end of the market for polished gems, the cheaper and very small goods such as those in which the Bombay cutters specialise, a good demand prevails. This also extends into some of the larger sizes running to about one-sixth of a carat; there are 142 carats to the troy ounce and 100 points to the carat.

The retail jewellers are thus moving their lower priced stocks quite well and this in turn is helping *to reduce stocks* in the hands of the cutters. But the movement has not reached the stage at which there is any appreciable improvement in demand for rough gems and the CSO stockpile of unsold roughs is standing at record levels.

These stocks increased in the 12 months to end-1980 by 73 per cent to a value of R698m (£405.8m). Meanwhile, De Beers has been reducing its production by about 5 per cent, although the group still presses on with its long term expansion in productive capacity.

While the retail trade is anticipating a pick-up in demand later this year, it will not be of much help to second half profits of De Beers. Nor will the fall in the price of gold help the level of investment income. Thus there can be little hope of any real improvement in De Beers' fortunes until some time next year.

See Lex

Ward White pays £4.5m

Charles Kushins, an American subsidiary of Ward White Group, has now exchanged contracts with the U.S. Shoe Corporation *of Cincinnati for the purchase of* 20 shoe retailing stores which trade under the name of Kushins Shoes in California and Nevada.

The audited balance-sheet of the Kushins division as at July 4 1981 showed a net worth of £3.66m and the purchase price was agreed at £4.48m.

WETTERN BROS.

The Board of Wettern Brothers is considering the new circumstances arising from the offer for its subsidiary the Mono Group by Charcon Products. Wettern will make an announcement at the extraordinary general meeting which has been convened for today.

MAI/LETRASET

At the EGM of **Mills and Allen International** the resolutions to approve the acquisition of **Letraset** and to authorise the necessary changes in MAI's capital were passed unanimously.

GFSA lifts dividend on record earnings

RECORD RESULTS for the year to June 30 are announced by **Gold Fields of South Africa** in which London's *Consolidated* **Gold Fields** has a 46 per cent stake. The final dividend is lifted to 320 cents (186p) to make a total for the year of 500 cents against 400 cents for 1979-80.

The GFSA net profit for the past year has advanced to R166.6m (£96.9m) from R125.4m in the previous year. This strong *performance reflects that of the* South African gold mines which have been riding boom conditions in the bullion market.

The outlook for the current year, however, is not so encouraging in the light of the fall in the gold price to around half its previous peak levels. But, as in the case of diamonds, gold is sold for U.S. dollars and thus the South African mines' income in terms of rands is helped by the strength of the U.S. currency.

GFSA also has base metal interests which should do better in the current year, but gold is far and away the major source of income.

The latest dividend total is twice covered by earnings, which is comforting as is the net asset value of 10,635 cents (£61.83) *per share. The shares were* £1 up at a high of £42½ yesterday.

	Year ended June 30 1981 Rm	1980 Rm
Inc. from invests	159.6	124.0
Surplus on real. of invests	3.1	1.5
Fees, int., etc	38.2	29.5
Making	210.9	155.0
Expend. & amts written off	38.8	26.0
Admin. tech. gen.	22.1	18.2
Interest paid	2.8	3.6
Drill. and prosp.	7.5	4.2
Written off g'will invs and loans	6.4	—
Profit before tax	172.1	129.0
Tax	4.6	2.8
Profit after tax	167.5	126.2
Min. holders' int	0.9	0.8
Attributable	166.6	125.4
Unappropriated profit, brt. fwd	9.9	5.1
Interim 180c	29.4	21.2
Final 320c	52.2	44.1
Transfer to res.	75.9	55.3
Unappropriated profit, carr. fd.	19.0	9.9
Earnings per share (cents)	1,021	768
Dividends per share (cents)	500	400
Net assets (as valued) per share (cents)	10,635	11,636

Downturn at Malaysian tin companies

REDUCED earnings for the year to March 31 are announced by two Malaysian tin companies, **Sungei Besi** and **Kamunting**. In each case, the lower income reflects reduced production, the price received for the tin concentrates being only a little lower.

Sungei Besi's net profit comes out at M$6.78m (£1.57m) compared with M$9.85m in the previous year. Tin concentrate output in the latest period amounted to 1.37m kilogrammes compared with 2m kgs and the price received averaged M$33.02 per kg of tin metal compared with M$34.41 last time.

Sungei Besi is declaring a final dividend of 155 cents (36p) less tax at 40 per cent to make a total for the year of 310 cents less tax compared with 480 cents.

Profits for the year to March 31 of Kamunting have fallen more sharply to M$857,000 from M$1.94m in the previous year. The final dividend is cut to 17.5 cents less tax at 40 per cent which makes a total for the year of only 27.5 cents less tax against 80 cents.

De Beers Industrial Corporation Limited

(Incorporated in the Republic of South Africa)

Interim Report to Members for the Half-Year ended 30th June 1981 and Notice of Declaration of Dividends

The following are the unaudited consolidated results for the half-year ended 30th June 1981 together with the comparative figures for the half-year ended 30th June 1980 and for the year ended 31st December 1980 which should be read in conjunction with the subjoined note:—

	Half-year ended 30.6.81 R'000	Half-year ended 30.6.80 R'000	Year ended 31.12.80 R'000
Investment income and sundry revenue	18 965	13 140	26 313
Deduct: General expenses	286	94	322
Profit before tax	18 679	13 046	25 991
Deduct: Tax	162	74	158
Profit after tax	18 517	12 972	25 833
Share of retained profits of associated companies	14 344	10 524	27 200
	32 861	23 496	53 033
Deduct: Preference dividends	974	974	1 948
Profit attributable to ordinary shareholders	31 887	22 522	51 085
Dividends on ordinary shares	11 688	8 250	22 000
Retained profit	20 199	14 272	29 085
Earnings per ordinary share			
Excluding share of retained profits of associates	127.6c	87.3c	173.7c
Including share of retained profits of associates	231.9c	163.8c	371.5c
Dividends per ordinary share			
Interim	85c	60c	60c
Final	—	—	100c

Note

It should not be assumed that the results for the half-year ended 30th June will be repeated in the half-year ending 31st December, since income does not necessarily accrue evenly throughout the year.

DIVIDENDS

Dividend No. 62 on the ordinary shares

Dividend No. 62 of 85 cents per share (1980: 60 cents) being the interim dividend for the year ending 31st December 1981 has been declared payable to the holders of ordinary shares registered in the books of the Corporation at the close of business on 25th September 1981.

Dividend No. 75 on the 5.5 per cent preference shares

Dividend No. 75 of 2.75 per cent, equivalent to 5.5 cents per share, in respect of the six months ending 30th September 1981 has been declared payable to the holders of 5.5 per cent preference shares registered in the books of the Corporation at the close of business on 25th September 1981.

Dividend No. 10 on the 12.25 per cent cumulative redeemable preference shares

Dividend No. 10 of 6.125 per cent, equivalent to 6.125 cents per share, in respect of the six months ending 31st October 1981 has been declared payable to the holders of 12.25 per cent cumulative redeemable preference shares registered in the books of the Corporation at the close of business on 25th September 1981.

For the purposes of these dividends the share transfer registers and registers of members will be closed from 26th September 1981 to 9th October 1981 both days inclusive. Warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 29th October 1981. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 20th October 1981 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Corporation's transfer offices in Johannesburg or the United Kingdom on or before 25th September 1981.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividends are payable subject to conditions which can be inspected at the head office and London office of the Corporation and also at the Corporation's transfer offices in Johannesburg and the United Kingdom.

For and on behalf of the board
H. F. OPPENHEIMER, J. OGILVIE THOMPSON — Directors

19th August 1981

Transfer Secretaries:
Consolidated Share Registrars Limited
62 Marshall Street, Johannesburg
(P.O. Box 61051, Marshalltown, 2107)
Charter Consolidated Limited
P.O. Box No. 102, Charter House
Park Street, Ashford, Kent TN24 8EQ

Head Office:
36 Stockdale Street, Kimberley
South Africa

London Secretaries:
Anglo American Corporation
of South Africa Limited
40 Holborn Viaduct
London EC1P 1AJ

(Copies of this report will be posted to all registered shareholders)

Wholesale Fittings slips despite higher sales

WITH SALES higher at £25.54m, against £24.46m, the Wholesale Fittings Company, the Essex-based electrical distributor, slipped back from pre-tax profits of £3.54m to £3.26m for the year to April 24, 1981.

However, the final dividend is to be 3.025p compared with an equivalent 2.75p last time after a scrip issue and subdivision. The total is 4.125p, against 3.75p. Earnings per 10p share are stated at 13.4p, compared with 17.8p adjusted.

Tax took £1.38m (£1.04m) and profits attributable were £1.88m (£2.53m). Last year there was an extraordinary credit of £32,000. Current cost accounting cuts pre-tax profits to £2.34m, compared with £2.18m.

The board says that in view of the seriousness of the present economic recession, it would be unwise to forecast the level of profit for the current year.

Turnover for the first three months shows an increase in monetary terms compared to the corresponding period last year. Costs over which the company has no immediate control continue to increase.

New depots were opened during the year under review at Dartford and Guildford and another at Reading last June.

The company says its liquidity position is strong.

● comment

Buoyant sales growth throughout the seventies has slowed to an almost imperceptible crawl at Wholesale Fittings. The closing half of the year produced a monetary turnover increase of just 1.4 per cent while profits fell back 17 per cent to leave the full 12 months 8 per cent down; the first setback since going public. The performance is hardly surprising. Demand has been slow moving and price increases negligible. However the feeling within the company is that the worse may be over. Turnover in the first three months of the current year showed some signs of an upturn with a 7 per cent increase. Last year's current cost profits actually rose 7 per cent and CCA earnings still covered the dividend 1.7 times. Also the company can point to a strong balance sheet. Nevertheless with another dull year in prospect a fully taxed p/e of nearly 23 at 258p, down 6p yesterday, looks a little shaky. The yield is 2.3 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Richard Clay, English and Scottish Investors, Johnson Group Cleaners, Squirrel Horn.

Finals: AGB Research, Press Tools, Reliance Knitwear.

FUTURE DATES

Interims—	
Brammer (H.)	Sept 1
British Petroleum	Sept 3
Dewhirst (I. J.)	Sept 2
Finals—	
FMC	Sept 8
Hanover Investments	Aug 26
M.L. Holdings	Aug 25
Sompertex	Aug 27
Waring and Gillow	Aug 28

Midway loss for Olives Paper Mill

IN THE half year to June 27, 1981 Olives Paper Mill incurred a £68,618 taxable loss as against a pre-tax profit of £5,436 last time. In 1980 this paper manufacturer made a loss before tax of £396,694.

The directors say the results do not justify an interim dividend, but the position will be reviewed at the year end. The last dividend payments were made in 1979 with an interim of 0.73p net and a final of 0.77p per 20p share. The loss per share is stated at 0.3p (0.08p earnings).

In the early months of the year a major rationalisation programme was completed and the mill has since achieved a substantial improvement in productivity resulting in a return to profitable trading in the latter part of the period.

Olives was able to implement a price increase for all its papers early in July and the outlook is much more encouraging the directors say. However, since the fall of sterling against the dollar, there has been a further substantial increase in the cost of wood pulp and this, they add, will be reflected in higher paper prices in the near future.

Turnover for the six months slipped from £3.01m to £2.85m and the attributable loss emerged at £9,618 (£2,436 profit) after a tax credit of £59,000 (£3,000 charge).

OIL & ASSOCIATED

Net asset value per share of Oil and Associated Investment Trust was down from 112.5p to 106p at June 30, 1981, Major A. S. W. Joseph, the chairman, told the annual meeting.

He said that day was bad for markets in oil and gas shares both in London and New York. The asset value was now considerably higher.

BURRELL COMPANIES IN LIQUIDATION

At meetings of members and creditors of Burrell and Co., and of its two subsidiary companies, Burrell Colours and Burrell Colours (Stockport) held on August 13 and 14, 1981, the three companies were placed in creditors voluntary liquidation.

Mr Michael J. Arnold, of Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4, was appointed liquidator.

Companies Bill: call for changes

BY CHRISTINE MOIR

SIR Brandon Rhys Williams, Conservative MP for Kensington, has proposed changes to the new Companies Bill which would encourage the appointment of non-executive directors, and strengthen shareholders' control over the appointment of directors.

His proposals were yesterday circulated to interested parties by the Department of Trade, but the accompanying comments by Mr David Steel, Assistant Secretary for Trade, suggests that ministers believe them to be vague and ineffective.

Sir Brandon has been campaigning for some years for companies to be required by law to appoint at least three non-executive directors with the duty to audit the work of the executives.

He introduced a private member's bill in 1978 along these lines and when that failed tried unsuccessfully to have the principle included in the 1980 Companies Act.

He was opposed at the time, not only by Government but also by the Confederation of British Industry, the Governor of the Bank of England and leading institutional shareholders, such as Prudential Corporation. The institutions supported the growth of non-executive directorships but opposed the notion of making them compulsory.

Sir Brandon's latest attempt to encourage non-executive directors is more narrowly based. He proposes that where companies want to elect or re-elect a director to a board which has fewer than three non-executive directors, "consideration should be given before the vote is taken to the appointment of non-executive directors."

Sir Brandon also wants to see all board appointments preceded by seven days' notice and accompanied by a statement of not more than 1,000 words describing his eligibility to be a director. This statement should either be circulated to members or published in an advertisement.

The Department of Trade document states that the "notion of 'consideration' being given to the appointment of non-executive directors appears to be too imprecise for legislation."

It is also concerned about the principle of a statement of eligibility. Who would be responsible for it, particularly if it proved inaccurate, the document asks.

Comments on Sir Brandon's proposed new clauses should be sent to the Department of Trade by September 11.

Arab may buy Suffolk mansion

HAVENINGHAM HALL which stands in 500 acres near Halesworth, Suffolk, may soon to be sold to an Arab buyer.

The hall, formerly owned by the Vanneck family, was sold to the Government for £300,000 because no other buyer could be found 12 years ago when the family could no longer afford to maintain the mansion after two centuries of occupancy. It was again offered for sale 18 months ago with an asking price of £¾m.

The Department of the Environment says there is now only one potential buyer. Negotiations are continuing over public access to the mansion after the sale.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	15	22 A	12	45	1	60B	$421
GOLD C	$425	35	5	11	29	—	—	"
GOLD C	$450	105	1	9	19	120	34	"
GOLD C	$475	—	—	65	12	8	23	"
GOLD C	$500	1	0.20	64	7.80	2	18.60	"
GOLD P	$400	—	—	19	13	—	—	"
GOLD P	$425	19	7	6	19 B	—	—	"
GOLD P	$450	—	—	71	32	—	—	"
		Oct.		Jan.		April		
ABN C	F.300	25	10	—	—	—	—	F.296
ABN C	F.320	28	5	7	7	—	—	"
AKZO C	F.25	37	2.60	—	—	—	—	F.26.50
AKZO C	F.27.50	175	1.40	79	2.50 B	—	—	"
AKZO P	F.25	18	0.70	125	1.10	—	—	"
AKZO P	F.27.50	15	2	10	2.10	20	2.50	"
AMRO C	F.55	27	1.50	—	—	—	—	F.51.60
AMRO C	F.60	10	0.50	30	1	—	—	"
HEIN C	F.50	—	—	8	2.70	—	—	F.45.80
HEIN C	F.55	10	0.60	—	—	—	—	"
HOOG C	F.20	—	—	60	2	—	—	F.18.30
KLM C	F.100	8	16.50	—	—	—	—	F.110
KLM C	F.110	18	11.30	—	—	10	23	"
KLM C	F.120	26	7.80 A	—	—	—	—	"
KLM C	F.130	45	4.50	—	—	—	—	"
KLM C	F.140	34	2.50	35	5.80	—	—	"
KLM P	F.80	21	1	—	—	—	—	"
KLM P	F.90	23	1.60	10	3.50	—	—	"
KLM P	F.100	22	4.20 A	10	7	—	—	"
KLM P	F.110	—	—	12	11.50 A	—	—	"
NEDL C	F.150	32	10.20	12	14	—	—	F.152.50
NEDL C	F.160	24	6.50	—	—	—	—	"
NATN C	F.120	12	3.40	—	—	—	—	F.116.50
NATN C	F.125	—	—	20	3.80	—	—	"
PHIL C	F.20	20	4.40 A	20	5.30	—	—	F.23.30
PHIL C	F.22.50	125	2.40	16	3.50	—	—	"
PHIL C	F.25	53	1.20	29	2.10	34	2.80	"
PHIL C	F.27.50	10	0.40	32	1.20	—	—	"
PHIL P	F.20	—	—	80	0.40	—	—	"
PHIL P	F.22.50	35	0.70	10	1.10	—	—	"
PHIL P	F.25	10	1.90	55	2.50	10	2.50	"
RD C	F.90	104	8.50	—	—	—	—	F.97.80
RD C	F.100	110	2.80	34	5.50	—	—	"
RD C	F.110	16	0.70	—	—	—	—	"
RD P	F.80	23	1.10	—	—	—	—	"
RD P	F.90	63	2.90	8	6	19	5.80	"
UNIL C	F.140	17	24.50	—	—	—	—	F.163
UNIL C	F.150	80	16 B	26	17 B	—	—	"
UNIL C	F.160	193	8.50 B	78	10	—	—	"
UNIL P	F.140	—	—	50	1	—	—	"
UNIL P	F.150	32	0.90	—	—	—	—	"
UNIL P	F.160	22	3.50 B	—	—	—	—	"
		Aug.		Nov.		Feb.		
BASF C	DM.150	—	—	10	6.50	—	—	DM148.80
SIEM C	DM.240	—	—	10	5	—	—	DM224.50
VEBA C	DM.140	10	4	—	—	—	—	DM145.20
VW C	DM.150	—	—	—	—	20	20	DM152.50

TOTAL VOLUME IN CONTRACTS 3231

A=Asked B=Bid C=Call P=Put

Channel Islands and International Investment Trust Limited

13th August, 1981 — Jersey

Half-Yearly Statement

The unaudited accounts of the Company as at 30th June 1981 show the following results:

6 months to 30th June	1981 £	1980 £
Gross Revenue of the Company	186,405	186,455
Less: Management and other expenses absorbed	24,474	19,216
	161,931	167,239
Dealing profit of subsidiary company	21,978	22,993
	183,909	190,232
Less: Provision for Jersey taxation	36,782	38,047
Net Revenue, after tax, for the period	£147,127	£152,185

The consolidated net assets of the Company attributable to the Capital Shareholders, including investments at market value on 30th June 1981, amounted to £6,723,731 (30th June 1980 £5,729,740), equivalent to 336.187p (30th June 1980 286.487p).

Grove Services Limited
Secretaries.

Copies of this Offer for Sale, having attached thereto the documents referred to herein, have been delivered to the Registrar of Companies for registration.

This Offer for Sale includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Jeavons Engineering public limited company ("Jeavons"). The Directors of Jeavons have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement contained herein whether of fact or of opinion. All the Directors of Jeavons accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the whole of the issued share capital of Jeavons to be admitted to the Official List.

The Procedure for Application and an Application Form are set out at the end of this document.

The application list for the Ordinary Shares now offered for sale will open at 10 a.m. on Wednesday, 26th August, 1981 and will close as soon thereafter on the same day as Kitcat & Aitken may determine.

JEAVONS ENGINEERING

public limited company

OFFER FOR SALE
by
Kitcat & Aitken
on behalf of
Pentos Limited
of
3,360,000 Ordinary Shares of 25p each at 62p per share

payable in full on application

Share Capital

Authorised		*Issued or allotted fully paid*
£1,750,000	in 7,000,000 Ordinary Shares of 25p each	£1,400,000

The Ordinary Shares now offered for sale rank in full for all dividends hereafter declared on the issued share capital of Jeavons.

Summary

The following information concerning Jeavons is derived from the full text of this document and accordingly must be read in conjunction with that text.

Ownership

Jeavons is a wholly owned subsidiary of Pentos which intends to retain a 40 per cent. interest in Jeavons following the Offer for Sale.

Activities

Jeavons is the largest U.K. manufacturer of gas pressure regulators for domestic, commercial and industrial applications and is a major manufacturer and supplier of compression fittings under the trade name "Jevco" for domestic and commercial plumbing.

Trading record

Periods ended 31st December,

	1976 (nine months period)	1977	1978	1979	1980 Historic Cost	1980 *Current Cost*
	£'000	£'000	£'000	£'000	£'000	*£'000*
Turnover	2,305	4,008	4,942	5,977	6,771	*6,771*
Profit before tax	268	519	665	1,021	932	*870*
Profit after tax	145	250	377	591	556	*494*
Earnings per share	2·59p	4·46p	6·73p	10·55p	9·93p	*8·82p*

Return on net assets employed

In the last three years the pre-tax return on net assets employed has averaged 40 per cent. per annum.

Net assets

Net tangible assets—not less than	£2 million
Net tangible assets per share	35·7p

Forecast for the year ending 31st December, 1981

Profit before tax and share of expenses of the Offer—not less than	£575,000
2nd interim dividend (net) payable 31st December, 1981	1·125p per share
Final dividend (net) payable end May, 1982	1·125p per share

Offer for Sale statistics

Offer for Sale price	62p per share
Market capitalisation at Offer for Sale price	£3·47 million
1981 earnings (*a*) as forecast	7·91p per share
(*b*) on notional 52% tax charge	4·93p per share
Price/earnings ratio at Offer for Sale price	
(*a*) as forecast	7·8
(*b*) on notional 52% tax charge	12·6
Dividend yield (gross) on annual basis	8·64 per cent.

INDEBTEDNESS

At the close of business on 16th July, 1981, Jeavons and its subsidiaries ("the Jeavons Group") had outstanding unsecured bank borrowings of £95,063. At that date members of the Jeavons Group, together with other subsidiaries of Pentos Limited ("Pentos"), had joint and several guarantees outstanding for aggregate liabilities of Pentos and its subsidiaries of up to £3,015,654 and were guaranteeing subsidiaries of the outstanding £1,887,645 of 13% Convertible Unsecured Loan Stock 1990 of Pentos. The Jeavons Group was released from all these guarantees on 28th July, 1981.

Save as aforesaid, and excluding intra-Jeavons Group liabilities, the Jeavons Group had, at 16th July, 1981, no outstanding created, or created but unissued, loan capital (including term loans) and no outstanding mortgages, charges, borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities.

In connection with this Offer for Sale no person is authorised to give any information or to make any representation not contained herein and, if given or made, any such information or representation must not be relied upon as having been authorised by Jeavons, Pentos or Kitcat & Aitken.

No person receiving a copy of this Offer for Sale and/or an Application Form in any territory other than the United Kingdom may treat the *same as constituting an invitation to him, nor should he in any event use such Application Form unless, in the relevant territory, such an* invitation could lawfully be made to him or such Form could lawfully be used without compliance with any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities needing to be observed in such territory.

Board of Directors

Terence Anthony Maher, (Chairman),
Ferniehirst, 85 Hampstead Way, London NW11 7LG

George Anthony Hazard, (Deputy Chairman),
46 Broadoaks Road, Solihull, West Midlands B91 1SB

Brian Maurice Cowley, B.Tech., C.Eng., M.I. Prod. E., (Managing Director),
The Chase, Stoneleigh Road, Gibbet Hill, Coventry, West Midlands CV4 7AB

Henry Bertram Oxenham, B.A., F.C.A., A.C.M.A., (Financial Director),
42 Weoley Park Road, Selly Oak, Birmingham B29 6RB

John Charles Bore, (Purchasing Director),
327 Sandyfields Road, Sedgley, Dudley, West Midlands DY3 3DJ

Richard Henry Fellows, (Commercial Director),
37 Grantley Crescent, Valley Fields, Kingswinford, Brierley Hill, West Midlands DY6 9EH

Christopher Vernon Whittaker, B.Sc., C.Eng., M.I. Gas E., (Technical Director),
6 Sytche Close, Much Wenlock, Shropshire TF13 6JJ

Secretary and Registered Office

H. B. Oxenham, B.A., F.C.A., A.C.M.A.,
Lower Church Lane, Tipton,
West Midlands DY4 7PH

Stockbrokers

Kitcat & Aitken
The Stock Exchange,
London EC2N 1HB

Albert E. Sharp & Co.
12 Newhall Street,
Birmingham B3 3ER

Joint Reporting Accountants

Price Waterhouse
(Chartered Accountants)
169 Edmund Street, Birmingham B3 2JB

Neville Russell
(Chartered Accountants)
67 Newhall Street, Birmingham B3 1NU

Auditors

Neville Russell
(Chartered Accountants)
67 Newhall Street, Birmingham B3 1NU

Receiving Bankers

Lloyds Bank Limited
(Registrars Department)
Goring-by-Sea, Worthing, West Sussex BN12 [illegible]

Bankers

Midland Bank Limited
33 Bennetts Hill, Birmingham B2 5RJ

Registrars and Transfer Office

Lloyds Bank Limited
(Registrars Department)
Goring-by-Sea, Worthing, West Sussex BN12 [illegible]

Solicitors to Jeavons

Clifford-Turner
19 New Bridge Street, London EC4V 6B[illegible]

Solicitors to the Offer

Allen & Overy
9 Cheapside, London EC2V 6AD

Jeavons Engineering public limited company

History

The business of Jeavons was commenced in 1919 and transferred to a company named E. E. Jeavons & Co. Limited in 1920. In 1956 E. E. Jeavons & Co. Limited obtained a listing for its share capital on The Stock Exchange and in 1976 it was acquired by Pentos. In 1977 the business was transferred to a separate Pentos subsidiary, Paramount Securities Limited, which then exchanged names with E. E. Jeavons & Co. Limited. Jeavons adopted its present name in July, 1981 at the time of re-registering as a public limited company under the provisions of the Companies Act 1980.

Since its acquisition in 1976 Jeavons has operated within Pentos through two separate divisions, engineering and contracting. In June, 1981 a reconstruction was effected, as more particularly described in paragraph 9 of Appendix 2, so that Jeavons now comprises the former engineering division and has two dormant subsidiaries, *Paramount Securities Limited ("Paramount")* and E. E. Jeavons & Co. Limited.

Business

The engineering division emerged in the 1930's, manufacturing a range of gas pressure regulators and towards the end of that decade a range of compression fittings for copper tubing.

Jeavons is today the largest U.K. manufacturer of gas pressure regulators for domestic, commercial and industrial applications and is a major manufacturer and supplier of compression fittings, under the trade name "Jevco", for domestic and commercial plumbing. Total sales are approximately equally divided between the two product groups.

The major U.K. customer for the gas regulators is British Gas, which accounts for approximately 35 per cent. of Jeavons' total turnover. The remaining customers for regulators, none of whom take more than 5 per cent. of total turnover, include manufacturers of domestic, commercial and industrial boilers and other heating equipment, and industrial gas engineers. Nationwide sales coverage is achieved through 6 sales engineers. These engineers are supported by product engineers and design and development engineers based at Tipton. Exports account for some 12 per cent. of regulator sales of which approximately 8 per cent. are sold in Europe and 3 per cent. in Australasia.

Compression fittings, which are used mainly in the home improvement and central heating markets, are distributed in the U.K. principally through builders' merchants supplied from eight strategically situated stock depots. Jeavons has by reliable service, competitive pricing and improved distribution, achieved a U.K. market share of approximately 18 per cent. Market penetration varies according to region with the Midlands, London and Scotland being particularly strong. In 1980 exports accounted for some 25 per cent. of compression fitting sales, of which 9 per cent. were sold to the Middle East, 9 per cent. to *the Far East* and 7 per cent. to Europe.

The existing freehold factory of 68,000 square feet could meet an increase in output of up to 30 per cent. per annum at present day values. The site, however, covers almost five acres and provides ample room for further expansion to accommodate any additional growth. There has been a programme of investment in modern plant and equipment resulting in improved productivity and increased output per man hour. In 1980 sales per employee reached £28,000 and profit per employee exceeded £3,300. In the last three years the pre-tax return on net assets employed (excluding cash and bank balances) has averaged 40 per cent. per annum.

Management and staff

Directors

T. A. Maher (Chairman) is aged 45 and has been chairman and chief executive of Pentos since it was established in its present form in 1972. He has been involved with the development of Jeavons since its acquisition by Pentos and will continue as non-executive chairman of Jeavons.

G. A. Hazard (Deputy Chairman) is aged 42. He joined Pentos in January, 1980 and is a director of Pentos with executive responsibility for the engineering and publishing groups. He has previously held senior general management positions with the UBM Group, and the domestic appliance division of GEC and will continue as a non-executive director of Jeavons.

B. M. Cowley B.Tech., C.Eng., M.I.Prod.E. (Managing Director) is aged 38 and has been managing director since joining Jeavons from Sperryn & Co. in 1978 where he was also managing director. Previous experience was gained in manufacturing management with BICC and Delta Enfield Power Cables.

H. B. Oxenham B.A., F.C.A., A.C.M.A. (Financial Director and Company Secretary) is aged 52. After obtaining a degree in economics at Cambridge he qualified as a chartered accountant with a large Birmingham firm, and following accounting experience in industry he joined Jeavons in 1963, becoming secretary and financial director, concerned with both its mechanical and civil engineering activities.

J. C. Bore (Purchasing Director) is aged 58. He joined Jeavons in 1947 after service in H.M. Forces and has been a member of the Institute of Purchasing and Supply since 1952. At present he is responsible for all purchases (including plant and equipment) and all stock levels as well as for production control of compression fittings.

R. H. Fellows (Commercial Director) is aged 58. After leaving the Royal Air Force, he joined Jeavons as sales office supervisor in 1947. He is responsible for export sales, the development of new markets and the co-ordination of regulator sales and production to ensure optimum customer service and manufacturing efficiency.

C. V. Whittaker B.Sc., C.Eng., M.I.Gas E (Technical Director) is aged 40. After graduating he worked on value analysis projects and joined Jeavons in 1969 as development engineer with responsibility for the *design and development of gas controls. In 1976 he joined Deltaflow Limited, one of the largest* U.K. manufacturers of water fittings, as product development manager. He re-joined Jeavons in September, 1980 with responsibility for design, development and quality control.

Following completion of the Offer for Sale it is proposed to appoint an additional Director to the Board with appropriate industrial experience to serve in a non-executive capacity.

Senior Executives

D. Norgrove (Sales Manager, Regulators) who is aged 61, joined Jeavons in 1941. After 20 years experience in regulator design and development he was appointed to his present post in 1961.

P. J. Shaw (Sales Manager, Compression Fittings) who is aged 33, joined Jeavons in 1968 as a commercial assistant. After a period as the London area sales representative he was promoted to his present position in 1978.

B. S. Mander C.Eng., M.I.Prod.E., M.B.I.M. (Works Manager) who is aged 31, joined Jeavons in 1980 having previously been works manager at another Pentos engineering company.

Staff

Jeavons has some 220 employees of whom 20 are engaged in sales and 14 in design and development engineering.

Jeavons employees at present participate in the contributory Pentos Group Pension Fund ("the Fund") and may remain members of the Fund as long as the holding of Pentos in Jeavons does not change significantly. Should this occur it would be the intention of Jeavons to establish a separate fund for its employees providing a similar level of benefits to those now enjoyed under the Fund and an appropriate proportion of the Fund would be transferred to any newly established Jeavons' scheme.

The present rate of contributions to the Fund in respect of Jeavons' employees is sufficient to cover accruing benefits. There is, however, a deficiency of just under £100,000 which arises from the granting of past service benefits to employees prior to the acquisition of Jeavons by Pentos; the Directors, in accordance with actuarial advice, intend that this deficiency should be funded by an increased contribution from Jeavons at an estimated annual cost of £8,000 commencing in 1982.

To the extent that employees participate in the Fund, membership of which is voluntary, they are contracted out of the state earnings related pension scheme.

Reasons for the Offer for Sale

Pentos is an industrial holding company operating in a number of areas of activity through autonomous groups of subsidiary companies to which it provides management and financial services.

Pentos believes that the logical development of successful businesses within Pentos is for those businesses to obtain a listing for their own shares on The Stock Exchange so as to enjoy the added status and independence which that gives and to have direct access to the capital markets for the purpose of financing their future growth. Pentos has also stated, as a key objective for 1981, the reduction of its borrowings.

With a view to furthering these twin objectives Pentos is now realising a major part of its investment in Jeavons by way of this Offer for Sale. However Pentos is retaining a 40 per cent. interest in Jeavons, which it intends to hold as a long-term investment.

Profit forecast

The past results of Jeavons, adjusted to reflect the reconstruction referred to above, are set out in the Accountants' Report.

The trading pattern for 1981 falls into two parts. During the first half year the demand for domestic regulators remained steady whilst orders for compression fittings, particularly in the U.K., continued at a low level.

For the second half, however, Jeavons expects some change in this pattern. The cash limits imposed on nationalised industries have led to de-stocking by British Gas with a consequential fall in demand for regulators. Conversely, the Directors believe that the de-stocking of compression fittings has now come to an end and sales are expected to show a modest growth over the comparable period of 1980.

On the basis of the unaudited management accounts for the first six months of the current financial year, and on the assumptions set out in Appendix 1, the Directors of Jeavons forecast that, in the absence of unforeseen circumstances, the profit of the present activities of the Jeavons Group (before tax and its share of the expenses of the Offer for Sale) for the year ending 31st December, 1981 will be not less than £575,000.

The forecast profit after tax, on the basis of the projected tax charge and of a 52 per cent. notional tax charge, is set out below:—

	Projected tax charge £'000	52% notional tax charge £'000
Profit before tax	575	575
Tax	132	299
Profit after tax	443	276
Earnings per share based upon 5,600,000 shares in issue	7·91p	4·93p
Price earnings ratio at the Offer for Sale price of 62p per share	7·8	12·6

The projected tax charge for 1981 of £132,000 is after deducting £85,000 arising from the losses of the contracting division prior to the date of disposal.

Dividends and assets

On 24th July, 1981 Jeavons declared an interim dividend of £140,000 with the result that the net tangible assets of Jeavons, at 30th June, 1981, were not less than £2 million. This dividend is payable to Pentos on 31st December, 1981.

The Directors propose to declare a second interim dividend of 1·125p net per share for payment on 31st December, 1981 and subject to the achievement of the above profit forecast it would be the Directors' intention to recommend the payment of a final dividend of 1·125p net per share in respect of the year ending 31st December, 1981 for payment at the end of May, 1982.

If this Offer for Sale had been made at the beginning of Jeavons' current financial year, it would now have been the Directors' intention to forecast dividends aggregating 3·75p net per share for the year ending 31st December, 1981. This dividend would have been covered 2·1 times by the forecast profits after the projected tax charge and 1·3 times after a 52 per cent. notional tax charge. With the associated tax credit this would represent a gross dividend yield of 8·64 per cent. at the Offer for Sale price.

For the financial year ending 31st December, 1982 and subsequent years, an interim dividend will normally be payable in October and a final dividend at the end of the May following.

Recent developments

Over the past four years sales and profits have shown substantial growth and over the last three the pre-tax return on net assets employed has averaged 40 per cent. per annum. Throughout 1979 demand for compression fittings was particularly buoyant enabling Jeavons to earn better than average margins and this continued until April, 1980 when a combination of factors led to a sharp reduction in demand for Jeavons' products.

High interest rates and the deteriorating economic outlook in the U.K. contributed to lower orders for compression fittings from the home improvement and central heating markets and to de-stocking by builders' merchants. A reduction in demand for gas regulators followed the policy of British Gas of limiting new outlets and of significantly increasing, in real terms, the market price of gas.

This reduced overall demand meant that 1980 profits, after a still buoyant first quarter, were marginally down on 1979, and, as indicated above, 1981 profits are forecast to fall to £575,000. Prospects for recovery and growth beyond 1981 are, however, judged to be good.

Future prospects

Regulators

In the home market order levels are expected to improve as the impact of de-stocking works through. In 1982/83 British Gas should have additional supplies of gas available from the Brent Field, and with its later plans to utilise the Rough and Morecambe Bay fields this will increase peak demand supply capability. It is expected therefore that this improved availability will increase the demand for gas through the mid 80's. This should be augmented by a growing replacement market for domestic regulators, which were used in the nationwide natural gas conversion programme started in the late 60's.

Future prospects for exports are encouraging with new gas finds being reported worldwide. These finds should lead to expansion of established gas distribution systems and the development of new systems. At the present time such expansion is evident in Spain, Italy, Algeria, Brazil, Australia and New Zealand and new distribution systems are planned for Denmark, Sweden, Egypt and Iran. Jeavons is developing a new *range of regulators and controls which should not only help market penetration at home, but* also ensure significant business in the new markets overseas.

Compression fittings

Jeavons considers that de-stocking by builders' merchants has now come to an end and that demand for its range of "Jevco" compression fittings is showing some signs of recovery. This is evidenced by the present ordering pattern and increasing need for immediate delivery of products to satisfy customer stock shortages.

In the longer term, industrial indicators suggest that the central heating and home improvement markets offer further opportunities for growth in which Jeavons should share.

"Jevco" fittings are marketed across the U.K. by 12 salesmen and agents and have achieved their strongest market penetration in the Midlands, London and Scotland. Recent strengthening of the agent and stock depot network should result in an improved market share in other areas of the country.

Jeavons considers that there is still opportunity for improvement in export sales of "Jevco" fittings. Jeavons is particularly strong in the Middle and Far East markets, but is less strong in Europe where recent reorganisation of its agency network is expected to improve market share.

Overall

The combined effect of recovery in demand arising from the end of de-stocking; increased market penetration; new product development and growth in the size of its market, particularly for gas controls, worldwide gives Jeavons strong grounds for confidence in the future.

Accountants' Report

The following is a copy of the joint report to the Directors of Jeavons and the Partners of Kitcat & Aitken from Price Waterhouse, Chartered Accountants and Neville Russell, Chartered Accountants, the Joint Reporting Accountants.

The Directors,
Jeavons Engineering public limited company
and
The Partners,
Kitcat & Aitken

17th August, 1981

Gentlemen,

1. We have examined the audited financial statements of Jeavons Engineering public limited company ("Jeavons") and of its present subsidiaries, Paramount Securities Limited ("Paramount") and E. E. Jeavons & Co. Limited ("E. E. Jeavons"), together referred to as "the Jeavons Group", for the four years and nine months ended 31st December, 1980. Neville Russell have acted as auditors of Jeavons and its present subsidiaries for each of the periods of account under review.

2. Until recently Jeavons has operated through two divisions, engineering and contracting, and the properties utilised by the divisions (as well as other properties) have been held by Paramount.

3. As a result of the reconstruction referred to in paragraph 9 of Appendix 2 of the Offer for Sale Prospectus, to be dated 17th August, 1981 Jeavons now only carries on the activities previously carried on by its engineering division and holds the property and other assets and liabilities relating thereto. Its two wholly owned subsidiaries are now dormant.

4. The information set out in sections I to V below relates to Jeavons and the Jeavons Group as now constituted and is based on the audited financial statements of the relevant companies after making such adjustments (including those to take account of events occurring after 31st December, 1980) as we consider appropriate.

5. In our opinion,

(a) the financial information concerning Jeavons and the Jeavons Group set out in sections I to IV, which has been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings, gives, on the bases described, a true and fair view of the profits and source and application of funds of the Jeavons Group for the nine months *ended 31st December, 1976 and each of the four years ended 31st December,* 1980, and of the state of affairs at 31st December, 1980 on a pro-forma basis of Jeavons and the Jeavons Group.

(b) the abridged current cost information set out in section V has been properly prepared in accordance with the policies and methods described therein to give the information required by Statement of Standard Accounting Practice No. 16.

I. ACCOUNTING POLICIES

The significant accounting policies adopted in arriving at the financial information set out in sections II to IV of this report are as follows:—

Basis of preparation

The financial information has been prepared under the historical cost convention with the exception that freehold land and buildings are stated at a valuation.

Turnover

Turnover, which excludes Value Added Tax, is the invoiced value of goods sold.

Fixed assets

All fixed assets other than freehold land and buildings are stated at historical cost less depreciation.

Freehold land and buildings are stated at an amount based upon a professional valuation carried out by Richard Ellis, Chartered Surveyors, as at 29th February, 1980 and additions since that date at cost, less depreciation. The valuation was at open market value on the basis of existing use.

Depreciation

Depreciation of fixed assets is provided on a straight line basis at such rates as will write off the cost or valuation of the various assets over their expected working lives. The principal annual rates used for this purpose are as follows:—

Freehold buildings	3½ per cent.
Plant	10 per cent.
Motor vehicles	20 per cent.
Office equipment	16⅔ per cent.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and estimated net realisable value. Cost, determined by the first in, first out method, consists of materials and direct labour costs together with a proportion of production overheads appropriate to the relevant stage of production.

Deferred tax

Provision for tax deferred by reasons of stock relief, the excess of capital allowances over depreciation and other timing differences is made under the liability method unless, in the opinion of the Directors, there is a reasonable probability that no liability will crystallise in the foreseeable future.

Research and development

Research and development expenditure, other than in respect of capital equipment, is written off as incurred.

II. STATEMENTS OF PROFITS AND LOSSES

The combined profits and losses of the activities now included in the Jeavons Group for the nine months ended 31st December, 1976 and the four years ended 31st December, 1980, after making appropriate adjustments to the audited financial statements, are set out below:—

	Notes	Nine Months ended 31st December 1976 £'000	Years ended 31st December 1977 £'000	1978 £'000	1979 £'000	1980 £'000
Turnover		2,305	4,008	4,942	5,977	6,771
Profit before tax	(a)	268	519	665	1,021	932
Tax	(b)	123	269	288	430	376
Profit after tax		145	250	377	591	556
Extraordinary items	(c)	34	—	—	—	—
Profit attributable to shareholders		111	250	377	591	556
Dividends	(d)	262	242	407	[illegible]	556
Increase/(decrease) in retained profits		(151)	8	(30)	[illegible]	—
Earnings per share	(e)	2·59p	4·46p	6·73p	10·55p	9·93p

Notes:—

(a) Profit before tax

(i) Profit before tax is after charging the following:—

	Nine Months ended 31st December 1976 £'000	1977 £'000	Years ended 31st December 1978 £'000	1979 £'000	1980 £'000
Depreciation	28	37	39	48	55

During the nine months ended 31st December, 1976 the results were affected by an industrial dispute estimated to have cost £160,000.

(ii) During the periods under review the Jeavons Group did not incur any interest charge.

(b) Tax

The tax charges principally represent payment for group relief at 52 per cent.

The amounts, by which the tax charge in each of the years has been reduced as a result of not providing for the potential liability for deferred tax, are as follows:—

	Nine Months ended 31st December 1976 £'000	1977 £'000	Years ended 31st December 1978 £'000	1979 £'000	1980 £'000
Stock relief	1	13	—	94	76
Capital allowances	18	(3)	70	9	38
Other timing differences	—	—	1	—	—
	19	10	71	103	114

(c) Extraordinary items

The extraordinary costs in the nine months ended 31st December, 1976 were as follows:—

	£'000	£'000
Replacement of blue asbestos roof on Tipton factory	47	
Less: tax relief attributable	24	
		23
Share of costs in connection with takeover by Pentos		11
		34

(d) Dividends

The amounts stated represent the share of the dividends paid by Jeavons attributable to profit after tax of the engineering division.

Dividend per share calculated by reference to the 5,600,000 shares presently issued or allotted is as follows:—

Years ended 31st December	Pence per share
1976 (nine months)	4·6786
1977	4·3214
1978	7·2679
1979	8·1429
1980	9·8286

The level of distribution of profits set out above was a matter of Pentos policy.

Future policy is referred to in the Offer for Sale Prospectus to be dated 17th August, 1981

(e) Earnings per share

Earnings per share are based on the profit after tax but before extraordinary items, and calculated by reference to the 5,600,000 shares presently issued or allotted.

III. BALANCE SHEET

The proforma balance sheets at 31st December, 1980 of the Jeavons Group and Jeavons, after making appropriate adjustments to the audited financial statements, are set out below:—

	Notes	the Jeavons Group £'000		Jeavons £'000	
FIXED ASSETS	(a)		835		835
INVESTMENT IN SUBSIDIARY	(b)		—		(273)
CURRENT ASSETS					
Stocks and work in progress	(c)	1,711		1,711	
Debtors		1,260		1,260	
		2,971		2,971	
CURRENT LIABILITIES					
Amount due to subsidiary		—		3	
Creditors		1,464		1,464	
Tax	(d)	96		—	
Bank overdraft	(e)	363		363	
		1,923		1,830	
NET CURRENT ASSETS			1,048		1,141
NET ASSETS			1,883		1,703
Financed by:					
SHARE CAPITAL	(f)		1,400		1,400
SHARE PREMIUM ACCOUNT	(g)		100		100
RESERVES	(h)		383		203
			1,883		1,703

Notes:—

(a) Fixed assets

	Cost/Valuation £'000	Depreciation £'000	Net book value £'000
Freehold property	536	7	529
Plant	656	371	285
Motor vehicles	28	11	17
Office equipment	8	4	4
	1,228	393	835

Freehold property is included at a valuation of £600,000 carried out by Richard Ellis on 29th February, 1980. This has subsequently been apportioned by them to exclude the garage and workshop on the site valued by them at £66,000 which are no longer retained by Jeavons.

(b) Investment in subsidiary

The investment in subsidiary represents the cost of 100% of the ordinary share capital of Paramount less £1,023,147 nominal of unsecured loan stock repayable in 1992 to Paramount.

(c) Stocks and work in progress

	£'000
Raw materials	526
Work in progress	491
Finished goods	686
Patterns and dies	8
	1,711

(d) Tax

In 1976, prior to its acquisition by Pentos, Paramount entered into certain transactions, the tax allowability of which has been subject to dispute between Paramount and the Inland Revenue. Pending settlement of the dispute, provision has been made for the full potential tax liability together with interest to 30th June, 1981, which after deduction of an advance corporation tax repayment which has been withheld, amounts to £96,000.

At 31st December, 1980 the potential amount of deferred tax for all timing differences, calculated on the liability method at 52 per cent. for which no provision has been made in the balance sheets, comprised:—

	£'000
Excess of capital allowances over depreciation	240
Surplus on revaluation of freehold property	55
	295

(e) Bank overdraft

Jeavons has an overdraft facility of £600,000 which is unsecured.

At 31st December, 1980, Jeavons had cash at bank of £716,000 and the overdraft of £363,000 shown in the balance sheets above is after reflecting various receipts and payments which took place subsequent to that date and resulted from the reorganisation carried out prior to the Offer for Sale. The major receipts are set out in Appendix 2 of the Offer for Sale Prospectus dated 17th August, 1981 as (i) (ii) (iii) (iv) and (v) within section 10 "Material contracts" and the payments relate to dividends and group relief.

(f) Share capital

Jeavons increased its authorised share capital on 26th June, 1981 from £200 to £1,750,000 subdivided into 17,500,000 Ordinary Shares of 10p each.

On 24th July, 1981 the 17,500,000 Ordinary Shares of 10p each were consolidated into 7,000,000 Ordinary Shares of 25p each.

The balance sheets at 31st December, 1980 reflect the position after the allotment of additional fully paid shares for the acquisition of Paramount and by way of capitalisation of share premium account which took place on 26th June, 1981 and 7th July 1981 respectively.

(g) Share premium account

The balance sheets at 31st December, 1980 reflect the position after the following:—

	£'000
(a) Share premium arising on shares allotted on 26th June, 1981	1,500
(b) Capitalisation of share premium in allotting bonus shares on 7th July, 1981	1,400
	100

(h) Reserves

	the Jeavons Group £'000	Jeavons £'000
Distributable	203	203
Non-distributable	180	—
	383	203

(i) Capital commitments

At 31st December, 1980 Jeavons and the Jeavons Group had the following authorised capital commitments:—

	£'000
Contracted for	40
Not contracted for	15
	55

(j) Pension funding

The present rate of contributions is sufficient to cover accruing benefits and the Directors intend to fund a deficiency of £100,000 relating to past service liabilities incurred prior to the acquisition of Jeavons by Pentos over an appropriate period of years at an estimated annual cost of £8,000, commencing in 1982, in accordance with actuarial advice.

IV. STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

The statements of source and application of funds of the Jeavons Group as now constituted for the nine months ended 31st December, 1976 and the four years ended 31st December, 1980, after making appropriate adjustments to the audited financial statements, are set out below:—

	Nine months ended 31st December £'000 1976	£'000 1977	Years ended 31st December £'000 1978	£'000 1979	£'000 1980
SOURCE OF FUNDS					
Profit before tax	268	519	665	1,021	932
Adjustments for item not involving a movement of funds:					
Depreciation	28	37	39	48	55
TOTAL GENERATED FROM OPERATIONS	296	556	704	1,069	987
APPLICATION OF FUNDS					
Purchase of fixed assets	28	19	133	48	114
Working capital movement:					
Stocks	(34)	96	44	333	147
Debtors	165	28	215	347	(80)
Creditors	367	36	(248)	(287)	(97)
	498	160	11	393	(30)
	526	179	144	441	84
GROSS CASH GENERATED	(230)	377	560	628	903

Gross cash generated is the increase (decrease) in net liquid funds available for the payment of tax and dividends and for retention in the business.

V. CURRENT COST INFORMATION

The current cost information, in abridged form, of the Jeavons Group as now constituted for the year ended 31st December, 1980 is set out below:—

	Notes	£'000
Profit and loss account		
Historical cost profit		932
Current cost adjustments	(b)	(62)
Current cost profit before tax		870
Tax		376
Current cost profit attributable to shareholders		494
Current cost earnings per share		8·82p
Balance sheet		
Fixed assets	(d)	930
Net current assets		1,032
		1,962
Financed by:		
Share capital		1,400
Share premium		100
Reserves	(f)	462
		1,962

Notes to current cost information:—

(a) Accounting policies

The current cost information has been prepared in accordance with Statement of Standard Accounting Practice No. 16, and except as stated in these notes, the accounting policies set out in section I have been followed.

(b) Current cost adjustments

	£'000
Cost of sales	1
Monetary working capital	6
Depreciation	55
	62

Cost of sales

This adjustment is made to charge against profit the current cost of sales at the time the sales were made. The current cost is calculated by reference to appropriate government indices. The adjustment was not significant as raw material prices declined during 1980.

Monetary working capital

This adjustment is made to charge against profit the impact of price changes on debtors and creditors.

Depreciation

This adjustment is made to charge against profit depreciation based on the current cost rather than on the historical cost of fixed assets.

(c) Gearing adjustment

No gearing adjustment was necessary in 1980 as Jeavons was wholly financed by shareholders' funds throughout the year.

(d) Fixed assets

Freehold property has been included at the valuation used for the historical cost accounts.

	Gross £'000	Depreciation £'000	Net £'000
Property	536	7	529
Plant	1,081	680	401
	1,617	687	930

(e) Stocks

Current replacement cost of stocks is determined by reference to appropriate government indices.

(f) Reserves

	General reserves £'000	Current cost reserves £'000
Reserves at beginning of year	383	—
Revaluation surpluses:		
Plant	—	150
Stock	—	(15)
Monetary working capital adjustment	—	6
Excess of dividend declared over current cost profit attributable to shareholders	(62)	—
Reserves at end of year	321	141

VI. AUDITED FINANCIAL STATEMENTS

No audited financial statements of any member of the Jeavons Group have been prepared in respect of any period subsequent to 31st December, 1980.

Yours faithfully,

NEVILLE RUSSELL
Chartered Accountants

PRICE WATERHOUSE
Chartered Accountants

APPENDIX 1

Profit Forecast

1. Assumptions

The profit forecast of the Jeavons Group for the year ending 31st December, 1981 has been based on the unaudited management accounts of Jeavons for the six months to 30th June, 1981 and on the following principal assumptions:—

(1) That with regard to sales of compression fittings in the second half of the year, as compared with the second half of 1980, there will be no decline in the underlying consumer demand, nor will there by any further stock reduction by merchant customers.

(2) That there will be no major industrial disputes affecting the operations of Jeavons or those of its customers or suppliers, and in particular that there will be no sustained industrial action by unions in the gas supply industry.

(3) That Jeavons will not be significantly affected by changes in legislation or in economic or political circumstances.

2. Letters

The following are copies of letters to the Directors of Jeavons relating to the profit forecast:—

(a) Letter from the Joint Reporting Accountants

The Directors,
Jeavons Engineering public limited company

17th August, 1981

Gentlemen,

We have reviewed the accounting policies and calculations for the profit forecast of the present activities of Jeavons Engineering public limited company and its subsidiaries for the year ending 31st December, 1981 and for which you, as Directors, are solely responsible, set out in the Offer for Sale Prospectus to be dated 17th August, 1981. The forecast includes the results shown by the unaudited management accounts to 30th June, 1981.

In our opinion the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Board set out in the Prospectus and is presented on a basis consistent with the accounting policies normally adopted by Jeavons Engineering public limited company and its subsidiaries.

Yours faithfully,

NEVILLE RUSSELL
Chartered Accountants

PRICE WATERHOUSE
Chartered Accountants

(b) Letter from Kitcat & Aitken

The Directors,
Jeavons Engineering public limited company

17th August, 1981

Gentlemen,

We refer to the profit forecast of the present activities of your Company and its subsidiaries for the year ending 31st December, 1981 set out in the Offer for Sale Prospectus to be dated 17th August, 1981.

We have discussed with officers of your Company the bases and assumptions underlying the profit forecast. We have also considered the letter dated 17th August, 1981 addressed to yourselves from Neville Russell and Price Waterhouse regarding the accounting policies and calculations underlying the profit forecast.

On the basis of the accounting policies and calculations reviewed by Neville Russell and Price Waterhouse and the assumptions made by you, we consider that the profit forecast (for which you, as Directors, are solely responsible) has been made after due and careful enquiry.

Yours faithfully,

KITCAT & AITKEN

APPENDIX 2

Statutory and General Information

1. Share capital

A. Jeavons

(a) Jeavons was incorporated in England under the name of Paramount Securities Limited on 27th April, 1956, under the Companies Act, 1948 with an authorised share capital of £100 in Ordinary Shares of £1 each and with the registered number of 565343.

(b) On 9th July, 1977 the authorised share capital was increased to £200 by the creation of 100 new Ordinary Shares of £1 each which were issued credited as fully paid to existing holders of Ordinary Shares by way of capitalisation of reserves. At the same time the 100 existing Ordinary Shares were converted into a like number of Deferred Shares of £1 each.

(c) On 16th December, 1977 Jeavons changed its name to E. E. Jeavons & Co. Limited.

(d) On 26th June, 1981, each of the issued and unissued Ordinary Shares of £1 each was sub-divided into 10 Ordinary Shares of 10p each. The authorised share capital of Jeavons was increased to £1,750,000 by the creation of an additional 17,496,000 Ordinary Shares of 10p each of which 1,550 were issued credited as fully paid as consideration for the acquisition of Paramount, and each of the Deferred Shares of £1 was converted into 10 Ordinary Shares of 10p each.

(e) On 26th June, 1981 Jeavons issued £1,023,147 Unsecured Loan Stock 1992 to Paramount at par to reflect the outstanding indebtedness of Jeavons to Paramount.

(f) On 7th July, 1981 13,998,450 new Ordinary Shares of 10p each were issued credited as fully paid to existing holders of Ordinary Shares by way of capitalisation of share premium account and Jeavons resolved to change its name from E. E. Jeavons & Co. Limited to its present name, adopted new Articles of Association, and resolved to re-register as a public limited company.

(g) By a Certificate of Incorporation dated 21st July, 1981 Jeavons was re-registered as a public limited company.

(h) On 24th July, 1981 the 17,500,000 Ordinary Shares of 10p each of Jeavons were consolidated into 7,000,000 Ordinary Shares of 25p each.

(i) Following this Offer for Sale 1,400,000 Ordinary Shares of Jeavons will remain unissued (representing 20 per cent. of Jeavons authorised share capital) and no issue of such shares which would effectively alter the control of Jeavons will be made without the prior sanction of Jeavons in General Meeting. No material issue of shares of Jeavons (other than to shareholders pro-rata to existing holdings) will be made within one year without the prior approval of Jeavons in General Meeting.

B. Paramount and E. E. Jeavons & Co. Limited

(a) Paramount was incorporated in England with the name of E. E. Jeavons & Co. Limited on 3rd March, 1920 under the Companies Acts, 1908–1917 with an authorised share capital of £25,000 divided into 25,000 Ordinary Shares of £1 each and with the registered number of 164757. The name was changed to its present name on 16th December, 1977 and the whole of the issued share capital of Paramount was acquired by Jeavons on 26th June, 1981.

(b) E. E. Jeavons & Co. Limited was incorporated in England as a wholly owned subsidiary of Paramount with the name of The E. E. Jeavons Contracting Co. Limited on 20th March, 1951 under the Companies Act, 1948 with an authorised share capital of £100 divided into 100 Ordinary Shares of £1 each and with the registered number of 492985. The name was changed to its present name on 21st July, 1981.

C. The Jeavons Group

(a) Save as disclosed under A. above and pursuant to the Offer for Sale, no share or loan capital of any member of the Jeavons Group has been issued within two years preceding the date hereof for cash or for a consideration other than cash and no such capital of any member of the Jeavons Group is now proposed to be issued.

(b) Save as disclosed under paragraph 3 below no commissions, discounts, brokerages or other special terms have been granted by any member of the Jeavons Group within two years preceding the date hereof in connection with the issue or sale of any part of their respective share or loan capitals; and

(c) no share or loan capital of any member of the Jeavons Group is under option or agreed conditionally or unconditionally to be put under option.

2. Articles of Association

The Articles of Association of Jeavons contain provisions to the following effect:—

(a) Votes of members

Subject to disenfranchisement in the event of non-compliance with a statutory notice requiring disclosure as to beneficial ownership and subject to any special terms as to voting on which any shares may be held, every member present in person shall, on a show of hands, have one vote and every member present in person or by proxy shall, on a poll, have one vote for every 25p in nominal amount of share capital of Jeavons held by him.

(b) Variation of rights

All or any of the rights or privileges attached to any class of share may, subject to Section 72 of the Companies Act, 1948, be varied or abrogated, either with the consent in writing of the holders of at least 3/4ths of the nominal amount of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the issued shares of that class, but not otherwise.

(c) Directors

(i) The Directors shall be entitled to remuneration at the rate of £1,000 per annum each with an additional £250 per annum for the Chairman or at such other rate as Jeavons in general meeting may from time to time determine. The Directors shall be entitled to be paid all expenses incurred by them in the performance of their duties as Directors.

(ii) A Director who holds an executive office or performs duties outside the scope of the ordinary duties of a Director may be paid such extra remuneration as the Directors may determine.

(iii) A Director shall not (except in the particular circumstances specified in the Articles) vote or be counted in the quorum present on any motion in respect of any contract, arrangement or proposal in which he is directly or indirectly interested.

(iv) The provisions of Section 185 of the Companies Act, 1948 (retirement of directors at age 70) do not apply to Jeavons.

(v) The Directors may give pensions and similar benefits to, or in respect of, Directors or ex-Directors.

(vi) A Director shall not be required to hold any qualification shares.

(d) Borrowings

The aggregate amount at any one time owing by Jeavons and all its subsidiaries in respect of monies borrowed by it or them or any of them (exclusive of monies borrowed by Jeavons or any of its subsidiaries from any other of such companies) shall not at any time, without the previous sanction of Jeavons in general meeting, exceed a sum equal to four times the aggregate of the nominal capital of Jeavons for the time being issued and paid up and the amounts standing to the credit of the consolidated capital and revenue reserves (including share premium account, capital redemption reserve fund and profit and loss account) of Jeavons and its subsidiaries all as shown in a consolidation of the then latest audited balance sheets of Jeavons and each of its subsidiaries after adjustment as specified in the relevant Article.

(e) Issue of shares

The Directors are unconditionally authorised to allot any of the authorised but unissued share capital of Jeavons without the authority of Jeavons in general meeting. This authority will expire on 6th July, 1986 (when it is renewable) but may be revoked or varied by Jeavons in general meeting before that date. The provisions of Section 17(1) of the Companies Act 1980 do not apply to any allotments made under the above authority.

3. Issue arrangements

By an agreement dated 28th July, 1981 between Pentos (1) Jeavons (2) and Kitcat & Aitken ("K&A") (3) K&A has agreed, conditionally, to make the Offer for Sale on behalf of Pentos and to procure purchasers for such of the 3,360,000 Ordinary Shares of 25p each of Jeavons as are not taken up under the Offer for Sale. For its services K&A will receive a fee of £25,000 (plus VAT), reimbursement of its legal and out of pocket expenses and a commission of 1¾ per cent. (plus VAT) out of which K&A will pay sub-underwriting commission of 1¼ per cent.

The agreement is now only conditional on The Council of The Stock Exchange admitting the Ordinary Shares of Jeavons to the Official List not later than 28th August, 1981, or such later date as may be agreed between Pentos, Jeavons and K&A.

Under this Agreement Pentos has agreed that no further shares in Jeavons will be sold by it before the publication of the interim results of Jeavons for its financial year ending 31st December, 1982.

4. Directors and other interests

(a) Upon completion of the Offer for Sale no Director will have any interest in the issued share capital of Jeavons, save to the extent to which he may acquire shares pursuant to the Offer for Sale.

The Directors intend to apply for Ordinary Shares in Jeavons under the Offer for Sale and Pentos has agreed to make a loan available to certain of them for this purpose, such loan being repayable on demand and carrying a commercial rate of interest, as follows:—

	Number of Shares	Amount of Loan £
T. A. Maher	30,000	—
G. A. Hazard	16,000	—
B. M. Cowley	8,000	5,000
H. B. Oxenham	8,000	2,000
J. C. Bore	4,000	1,000
R. H. Fellows	1,600	1,000
C. V. Whittaker	1,600	1,000

(b) Upon completion of the Offer for Sale Pentos will own 2,240,000 Ordinary Shares (40 per cent. of the issued share capital) of Jeavons. The Directors are not aware of any other proposed shareholding which, immediately after the Offer for Sale, will amount to 5 per cent. or more of the issued share capital of Jeavons.

(c) At the date hereof, no uncompleted contracts or relationships existed between Pentos and/or its subsidiaries and the Jeavons Group apart from:—

(i) an exchange of letters dated 28th July, 1981 concerning payment for the surrender of group tax relief;

(ii) the material contracts numbered (ix), (xi), (xii), (xiii) and (xv) referred to in paragraph 10 below;

(iii) the payment of the interim dividend of £140,000 to be made on 31st December, 1981 referred to in the paragraph headed "Dividends and assets".

(iv) the repayment to Pentos of the proportion of the costs of the Offer for Sale advanced by it as referred to in paragraph 11(d) below.

(d) The Directors of Jeavons have the following interests in the share capital of Pentos.

	Ordinary Shares of 10p each	Deferred Ordinary Shares of 20p each
T. A. Maher	730,047	1,104,099
G. A. Hazard	—	—
B. M. Cowley	—	—
H. B. Oxenham	2,499	1,610
J. C. Bore	—	—
R. H. Fellows	—	—
C. V. Whittaker	—	—

None of the Directors has any interest in the Preference Shares of Pentos or in either series of the 13% Convertible Unsecured Loan Stock 1990 of Pentos.

(f) Mr T. A. Maher and Mr. G. A. Hazard are both Directors of Pentos and a number of its subsidiary companies. Mr. B. M. Cowley, Mr. H. B. Oxenham, Mr. J. C. Bore, Mr. R. H. Fellows, and Mr. C. V. Whittaker are all Directors of Barnes & Hacker Limited, a Pentos subsidiary.

(g) Under the terms of the Pentos Share Option Scheme Mr. T. A. Maher holds options to subscribe for 87,500 Ordinary Shares and 12,500 Deferred Ordinary Shares of Pentos; Mr. G. A. Hazard holds options to subscribe for 50,000 Ordinary Shares and 75,000 Deferred Ordinary Shares; Mr. B. M. Cowley holds options to subscribe for 12,757 Ordinary Shares and 11,243 Deferred Ordinary Shares; Mr. H. B. Oxenham holds options to subscribe for 8,505 Ordinary Shares and 7,495 Deferred Ordinary Shares; Mr. J. C. Bore holds options to subscribe for 3,251 Ordinary Shares and 749 Deferred Ordinary Shares; Mr. R. H. Fellows holds options to subscribe for 2,127 Ordinary Shares and 1,873 Deferred Ordinary Shares and Mr. C. V. Whittaker holds options to subscribe for 3,000 Ordinary Shares.

(h) The aggregate emoluments of the then Directors in respect of the financial year of Jeavons ended 31st December, 1980 were £75,325. The aggregate emoluments of the present Directors in respect of the current financial year of Jeavons ending on 31st December, 1981 under the arrangements in force at the date of this document, are estimated to be £76,260.

(i) None of the Directors has any direct or indirect interest in any asset which during the two years immediately preceding the date of this document has been acquired or disposed of by or leased to any member of the Jeavons Group or is proposed to be acquired, disposed of by or leased to any member of the Jeavons Group.

(j) None of the Directors has any direct or indirect interest in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Jeavons Group taken as a whole.

5. Directors' service contracts

There are no contracts of service between any of the Directors and any member of the Jeavons Group which cannot be determined without payment of compensation (other than statutory compensation) within one year and none is proposed.

6. Tax

(a) The Directors have been advised that after completion of the Offer for Sale Jeavons will not be a close company as defined in The Income and Corporation Taxes Act 1970.

(b) Jeavons has obtained clearance under Section 464 of the Income and Corporation Taxes Act 1970 in respect of the arrangements described in this document.

(c) The Deed of Indemnity referred to in paragraph 10(xv) below contains an indemnity given by Pentos in favour of Jeavons against tax falling on Jeavons as a result of transactions effected on or before completion of the Offer for Sale to the extent that it reduces the net assets (as defined) of the Jeavons Group below £2 million as at 30th June, 1981. The Deed also contains an indemnity against the net assets (as defined) of the Jeavons Group being less than £2 million, as at 30th June, 1981, for any other reason.

7. Premises

The following is the main property used by the Jeavons Group:—

Address	Tenure	Approximate Area	Office and factory
Lower Church Lane, Tipton, West Midlands DY4 7PH	Freehold	5 acres	area 78,000 sq. ft.

8. Subsidiary companies

Jeavons has the following subsidiaries none of whose shares are listed on any Stock Exchange and both of which are wholly owned:—

Name	Place & date of Incorporation	Issued Share Capital	Nature of business
Paramount Securities Limited	England, 3rd March, 1920	£750,000	Dormant
E. E. Jeavons & Co. Limited	England, 20th March, 1951	£2	Dormant

9. Reconstruction of Jeavons

In June, 1981 the following reconstruction of the business and assets of the Jeavons Group took place so as to constitute it in its present form (see paragraph 10 (i) to (viii) and (x) below):—

(i) the contracting division of Jeavons was transferred to its then wholly owned subsidiary Jeavons Contracting Limited;

(ii) the whole of the issued share capital of Jeavons Contracting Limited was sold by Jeavons to Pentos Engineering Group Limited;

(iii) the properties surplus to the requirements of the engineering division were transferred to other Pentos subsidiaries or sold;

(iv) Paramount became a wholly owned subsidiary of Jeavons;

(v) the land and buildings at Tipton, from which the business of the engineering division is carried on, were transferred by Paramount to Jeavons.

10. Material contracts

The following contracts have been entered into by members of the Jeavons Group otherwise than in ordinary course of their respective businesses during the two years immediately preceding the date of this document and are or may be material:—

(i) Agreement dated 9th June, 1981 between Paramount (1) and Cresswell Towers (Holiday Campus) Limited (2) for the sale by Paramount of land and buildings at Church Street, Tisale for a consideration of £224,000.

(ii) Agreement dated 26th June, 1981 between Jeavons (then called E. E. Jeavons & Co. Limited) (1) and Jeavons Contracting Limited (then called The Jeavons Engineering Co. Limited) (2) for the sale by Jeavons of its contracting division for £662,525 left outstanding.

(iii) Transfer dated 26th June, 1981 between Paramount (1) and Jeavons Contracting Limited (then called The Jeavons Engineering Co. Limited) (2) of land and buildings at Loomer Road Industrial Estate, Chesterton for £57,084 left outstanding.

(iv) Agreement dated 26th June, 1981 between Pentos Engineering Group Limited (1) and Jeavons (then called E. E. Jeavons & Co. Limited) (2) for the sale by Jeavons of the whole of the issued share capital of Jeavons Contracting Limited (then called The Jeavons Engineering Co. Limited) for a consideration of £2 and under which Pentos Engineering Group Limited agreed to procure the repayment by Jeavons Contracting Limited of £662,525 to Jeavons and £57,084 to Paramount being the amounts shown as left outstanding in sub-paragraphs (ii) and (iii) above.

(v) Transfer dated 26th June, 1981 between Paramount (1) and Cresswell Towers (Holiday Campus) Limited (2) of land, an industrial garage and a house at Lower Church Lane, Tipton, for £64,413.

(vi) Agreement dated 26th June, 1981 between Pentos (1) and Pentos Engineering Group Limited (2) for the purchase by Pentos of the whole of the share capital of Jeavons for £495,000.

(vii) Agreement dated 26th June, 1981 between Pentos (1) and Jeavons (then called E. E. Jeavons & Co. Limited) (2) for the purchase by Jeavons of the whole of the issued share capital of Paramount for £1.5 million to be satisfied by the issue of 1,550 Ordinary Shares of Jeavons to Pentos.

(viii) Transfer dated 26th June, 1981 between Paramount (1) and Jeavons (then called E. E. Jeavons & Co. Limited) (2) of land and buildings on the east side of Lower Church Lane, Tipton for a consideration of £523,453.

(ix) Licence dated 26th June, 1981 between Jeavons (then called E. E. Jeavons & Co. Limited) (1) and Jeavons Contracting Limited (then called The Jeavons Engineering Co. Limited) (2) for accommodation on part of the site on the west side of Lower Church Lane, Tipton for the period 1st July, 1981 to 31st December, 1981 and the provision of services which will provide aggregate income to Jeavons of £33,000 in 1981. This Agreement will be re-negotiated for 1982.

(x) Deed of Guarantee dated 17th July, 1981 between Pentos Engineering Group Limited (1) and Jeavons (then called E. E. Jeavons & Co. Limited) (2) whereunder Pentos Engineering Group Limited guaranteed the due performance by Jeavons Contracting Limited of that company's obligations under contract no. (ii) above.

(xi) Agreement dated 27th July, 1981 between Jeavons (1) and Akerman & Jeavons (Birmingham) Limited (2) whereunder Jeavons was granted sole distribution rights for the "Geneva" shower in the Greater London area for a minimum period of 12 months from 1st April, 1981 and thereafter subject to 3 months notice of termination.

(xii) Licence dated 28th July, 1981 between Jeavons (1) and Clifplant Limited (2) for Clifplant to continue in occupation of part of the site on the east side of Lower Church Lane, Tipton, until 31st December, 1981

(xiii) Deed of Covenant dated 28th July, 1981 between Jeavons (1) and Pentos Pension Trustees Limited (2) relating to the continued participation by Jeavons in the Pentos Group Pension Fund.

(xiv) Agreement dated 28th July, 1981 between Pentos (1) Jeavons (2) and Kitcat & Aitken (3) being the Offer for Sale Agreement referred to in paragraph 3 above.

(xv) Deed of Indemnity dated 28th July, 1981 between Pentos (1) and Jeavons (2) being the indemnity referred to in paragraph 6 above.

(xvi) Second Supplemental Trust Deed dated 28th July, 1981 between Pentos (1), Jeavons (2), Paramount (3) and Alliance Assurance Company Limited (4) effecting the release of Jeavons and Paramount from the guarantees given by them of the Pentos Loan Stock.

11. General information

(a) The Directors consider that the Jeavons Group has sufficient working capital for its present requirements.

(b) Save as disclosed herein there have been no material changes in the trading or financial position of the Jeavons Group since 31st December, 1980.

(c) No member of the Jeavons Group is engaged in any litigation which, in the opinion of the Directors, is of material importance, and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Jeavons Group.

(d) The expenses of the Offer for Sale, excluding VAT where applicable, are estimated to amount to £247,000 and will be borne equally by Pentos and Jeavons. Pentos will advance the Jeavons proportion for repayment by Jeavons on 1st July, 1982.

(e) Neville Russell and Price Waterhouse have given and have not withdrawn their respective written consents to the issue of this Offer for Sale with the inclusion herein of their joint report and letter and the references to them in the form and context in which they appear.

(f) Kitcat & Aitken has given and has not withdrawn its written consent to the issue of this Offer for Sale with the inclusion herein of its letter and the references to it in the form and context in which they appear.

(g) Richard Ellis has given and has not withdrawn its written consent to the issue of this Offer for Sale with the references to it in the form and context in which they appear.

(h) The documents attached to the copy of this Offer for Sale delivered to the Registrar of Companies for registration were:—

(i) the written consents referred to in sub-paragraphs (e), (f) and (g) above.

(ii) copies of a letter to the employees of Jeavons, Pentos and its subsidiaries dated 17th August, 1981 and of the Preferential Application Form referred to therein.

(iii) copies of the material contracts referred to in paragraph 10 above.

(iv) the statement of Price Waterhouse and Neville Russell setting out the adjustments made in arriving at the figures contained in their report (as set out herein) and giving the reasons therefor.

(i) No amount is required for any of the purposes specified in Paragraph 4 of Part I of the Fourth Schedule to the Companies Act, 1948.

12. Documents available for inspection

Copies of the following documents may be inspected at the offices of Clifford-Turner, 19 New Bridge Street, London EC4V 6BY during normal business hours on any weekday (excluding Saturdays and public holidays) for a period of 14 days from the date of publication of the Offer for Sale:—

(i) the Memorandum and Articles of Association of Jeavons.

(ii) the audited accounts of Jeavons and its subsidiaries for their last two financial years ended 31st December, 1980.

(iii) the Joint Accountants' Report and the Statement of Adjustments made by them for the purposes of their report.

(iv) the material contracts referred to in paragraph 10 above.

(v) the letters regarding the profit forecast from Neville Russell and Price Waterhouse and from Kitcat & Aitken.

(vi) the written consents referred to in paragraph 11 (e), (f) and (g) above.

(vii) the valuation dated 29th February, 1980 of the freehold factory and land at Tipton by Richard Ellis, Chartered Surveyors.

Dated 17th August, 1981

PROCEDURE FOR APPLICATION

Applications must be for a minimum of 200 shares and in multiples of 100 shares up to 1,000 shares, thereafter in multiples of 200 shares up to 5,000 shares, thereafter in multiples of 500 shares up to 50,000 shares and thereafter in multiples of 1,000 shares.

Application Forms in sealed envelopes marked "Jeavons" should be posted so as to be received not later than 10.00 a.m. on, 26th August, 1981 by Lloyds Bank Limited, Registrars Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA.

Alternatively applications may be lodged by hand not later than 10.00 a.m. on 26th August, 1981 into Lloyds Bank Limited, Registrars Department, Issue Section, 111 Old Broad Street, London EC2N 1AU

The application list will open at 10.00 a.m. on 26th August, 1981 and will close as soon thereafter on the same day as Kitcat & Aitken may determine.

A separate cheque or bankers' draft must accompany each Application Form and photostat copies of Application Forms will not be accepted.

Cheques or bankers' drafts, which must be drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and bankers drafts to be cleared through the facilities provided for the members of those Clearing Houses and which must bear the appropriate sorting code number in the top right hand corner, must be made payable to Lloyds Bank Limited and crossed "Not Negotiable" and must represent payment in full at the application price. No application will be considered unless these conditions are fulfilled.

Kitcat & Aitken reserves the right to present all cheques/bankers' drafts for payment on receipt, to retain Letters of Acceptance and surplus application monies pending the clearance of all cheques, to accept in part only or to reject or scale down applications and in particular, multiple or suspected multiple applications and applications for an undue number of shares. Due completion and delivery of an Application Form accompanied by a cheque will constitute a representation that the cheque will be honoured on first presentation. Attention is drawn to the declaration in the Application Form to that effect.

Preferential consideration will be given in respect of a maximum of 336,000 shares to applications made by employees of Pentos and its subsidiaries (including Jeavons) on the special pink forms provided for the purpose.

If any application is not accepted, the amount paid on application will be returned in full and, if any application is accepted for fewer shares than applied for, the balance of the amount paid on application will be returned by cheque through the post, in either case without interest.

Renounceable Letters of Acceptance will be sent to successful applicants by not later than 3rd September, 1981 and will be renounceable up to 2nd October, 1981. The shares now being offered for sale will be registered free of stamp duty and registration fees in the names of the purchasers or persons in whose favour Letters of Acceptance have been renounced, provided that, in the case of renunciation, Letters of Acceptance duly completed in accordance with the instructions contained therein are lodged for registration on or before 2nd October, 1981. Share certificates will be despatched on 23rd October, 1981.

Acceptances of applications will be conditional on the Council of The Stock Exchange admitting the whole of the issued share capital of Jeavons to the Official List not later than 28th August, 1981. Monies collected in respect of applications will be returned if such condition is not satisfied by that date and in the meantime will be retained in a separate account. It is expected that dealings will commence on the next business day after the despatch of Renounceable Letters of Acceptance.

Renounceable Letters of Acceptance, cheques, certificate, and any other documents will be despatched by post at the risk of the persons entitled thereto.

Copies of this Offer for Sale, with Application Forms, can be obtained from:—

Kitcat & Aitken,
The Stock Exchange,
London EC2N 1HB.

Pentos Limited,
New Bond Street House,
1–5 New Bond Street,
London W1Y 0SB.

Jeavons Engineering public limited company,
Lower Church Lane,
Tipton,
West Midlands DY4 7PH.

Midland Bank Limited,
33 Bennetts Hill,
Birmingham B2 5RJ.

Albert E. Sharp & Co.,
12 Newhall Street,
Birmingham B3 3ER.

Lloyds Bank Limited,
(Registrars Department),
Goring-By-Sea,
Worthing,
West Sussex BN12 6DA.

Lloyds Bank Limited,
(Registrars Department),
Issue Section,
111 Old Broad Street,
London EC2N 1AU.

APPLICATION FORM

This Application Form when completed should be forwarded, together with a remittance for the full amount payable, in accordance with the Procedure for Application. All cheques are liable to be presented for payment. No application will be considered unless these conditions are fulfilled. **Applications must be lodged by 10.00 a.m. on 26th August, 1981.**

JEAVONS ENGINEERING

public limited company

OFFER FOR SALE

by

Kitcat & Aitken

on behalf of

Pentos Limited

of 3,360,000 Ordinary Shares of 25p each at 62p per share payable in full on application.

Number of shares applied for*	Amount of cheque enclosed at 62p per share**
	£

Unless the two boxes above are completed in a consistent manner this application may not be valid.

*Applications must be for a minimum of 200 shares, thereafter in multiples of 100 shares up to 1,000 shares, thereafter in multiples of 200 shares up to 5,000 shares, thereafter in multiples of 500 shares up to 50,000 shares and thereafter in multiples of 1,000 shares.

**The number of shares applied for multiplied by the price of 62p per share.

To: Kitcat & Aitken

Gentlemen,

I/We enclose a cheque/bankers' draft payable to "Lloyds Bank Limited" for the abovementioned sum** being the full amount payable on application at 62p per share for the stated number * of the above Ordinary Shares of 25p each in Jeavons Engineering public limited company ("Jeavons"). I/We irrevocably apply to purchase that number of shares and I/we agree to accept the same or any smaller number of shares in respect of which this application may be accepted upon the terms of the Offer for Sale dated 17th August, 1981, and subject to the Memorandum and Articles of Association of Jeavons. I/We hereby authorise you to procure my/our name(s) to be placed on the Register of Members of Jeavons as the holder(s) of the shares so purchased by me/us the right to which is not effectively renounced.

I/We declare that due completion and delivery of this Application Form, accompanied by a cheque, constitutes a warranty that such cheque will be honoured on first presentation. I/We acknowledge that any Letter of Acceptance and (if appropriate) remittance for any moneys returnable to be sent to me/us is liable to be held pending clearance of any such cheque. I/We hereby authorise you to send to me/us a fully paid Renounceable Letter of Acceptance for the number of shares in respect of which this application is accepted, and/or a cheque for any moneys returnable, by post at my/our risk to the address given below.

1 Signature________________ Dated____________1981

PLEASE USE BLOCK LETTERS

Forename(s) (in full)

Surname and designation (Mr., Mrs., Miss or title)

Address (in full)

Post Code________

2________________ Signature
Forename(s) (in full) ________ Surname and designation (Mr., Mrs., Miss or title) ________
Address (in full) ____________ Post Code________

3________________ Signature
Forename(s) (in full) ________ Surname and designation (Mr., Mrs., Miss or title) ________
Address (in full) ____________ Post Code________

4________________ Signature
Forename(s) (in full) ________ Surname and designation (Mr., Mrs., Miss or title) ________
Address (in full) ____________ Post Code________

ALL JOINT APPLICANTS MUST SIGN.

The signature on behalf of a corporation should be that of a duly authorised official who should state his representative capacity.

If this Form is signed by an attorney, the power of attorney or a duly certified copy thereof must accompany this Form.

No receipt will be issued for the payment on application, but an acknowledgement will be forwarded in due course through the post, at the risk of the applicant(s) by fully paid Renounceable Letter of Acceptance and/or remittance for any application moneys returnable.

Copies of this Application Form, of the Offer for Sale and of the documents specified therein have been delivered to the Registrar of Companies for registration.

J. C. Penney shows strong second quarter profits rise

BY PAUL BETTS IN NEW YORK

J. C. PENNEY and K mart, two leading U.S. retailers, both reported increased second quarter sales yesterday.

But while Penney reported a strong earnings advance, K mart's second quarter income declined by 4 per cent compared with the second quarter of last year.

Penney's second quarter net earnings totalled $44m or 63 cents a share, compared with $11m or 15 cents a share from continuing operations in the comparable 1980 period. In the second quarter of 1980, a loss from discontinued operations made final net income $5m.

Sales in the second quarter were 8.2 per cent up from $2.4bn ($2.6bn).

For the first half, Penney's earnings increased from $29m or 41 cents a share from continuing operations in the first six months of last year to $94m or $1.34 a share. First half sales advanced 9.4 per cent, from $4.7bn to $5.1bn.

The company said sales in the retail industry should increase between 9 and 9½ per cent during the second half of the year.

K mart turned in stronger sales in the second quarter which increased 16 per cent from $3.47bn to $4bn. But earnings were down from $59m or 47 cents a share to $56.8m or 45 cents a share. The company said gross profit margins were below last year's levels largely because of planned promotional programmes.

In the first half, K mart sales rose from $6.45bn to to $7.36bn, but income dropped from $98.9m or 79 cents a share to $91.3m or 73 cents a share.

K mart said it opened 53 new stores in the second quarter compared with 26 last year, and added that it expected to open about 170 stores this year compared with 199 stores last year.

The company also said it was encouraged by the favourable trend in sales despite the continuing weakness of the U.S. economy.

● A second quarter reverse was also announced by Lucky Stores where net profit fell from $19.5m or 39 cents a share to $18.1m or 36 cents a share on sales up from $1.56bn to $1.74bn.

Half-year earnings were $38.3m or 75 cents a share against $38.4m or 76 cents a share previously. Sales for the six months totalled $3.43bn compared with $3.05bn in 1980.

Winn-Dixie Stores ended its fiscal year with net earnings up from $91.9m or $3.42 a share to $95.4m or $3.67 a share. But the fourth quarter profit slipped from $23.3m or 88 cents a share to $22.1m or 86 cents a share.

Yearly sales were $6.2bn against $5.39bn with the final period contributing $1.46bn against $1.31bn last time.

Wall Street stockbroker decides to liquidate

By Our New York Staff

JOHN MUIR, the troubled Wall Street stockbroking firm, has gone out of business despite attempts to rescue it by selling off its retail operations. The firm's customer accounts and most of its branches have been transferred to other broking houses around the country.

Muir, which ran into trouble after a deluge of bad publicity concerning its fast-moving new stock issue business, had originally hoped to remain in business as an investment banking concern after selling off its retail accounts and branches.

However, the New York Stock Exchange decided last weekend that Muir was inadequately capitalised, and the firm decided to liquidate. A trustee has been called in to oversee the liquidation in conjunction with the Securities Investor Protection Corporation, the Government agency that insures investors against losses caused by the failure of a brokerage firm.

Muir, which was capitalised to the tune of about $6.5m, made a speciality of underwriting stock issues by unknown and highly speculative companies. Under its general partner, Mr Ray Dirks, it became the leading Wall Street new issue broker.

JVC video project delayed

By Our New York Staff

INTRODUCTION of the so-called high density video-disc player by a group involving Matsushita of Japan, General Electric of the U.S. and Thorn-EMI of Britain is to be delayed six months because of technical problems.

The announcement was made yesterday in Japan by Japan Victor Company, the technology subsidiary of Matsushita, and later confirmed in the U.S.

JVC said it now expected to place its players on sale in Japan in April, in the U.S. in June and in Europe in July next year.

The company said the delay had been caused by its desire to perfect the ability of its players to be compatible with television sets in Europe, the U.S. and Japan, in which there are three different technologies of colour television broadcasting.

Ian Hargreaves, in New York, looks at the fluctuating fortunes over the past decade of the second-largest airline in the U.S.—and the problems now confronting it

Bankers clip Pan Am's wings

SELDOM ARE corporate strategies so clearly branded as a failure as was the case yesterday with Pan American World Airways.

The second largest U.S. carrier and in some ways the flagship of U.S. aviation in the rest of the world, announced that its banks had cut its credit lines by half, forced the company to sell its profitable hotels subsidiary and cancel delivery of eight Boeing 727-200 aircraft the company was counting on to garner economies in operating its domestic routes.

In addition, the banks have demanded that Pan Am follow the airline industry fashion and get its unions to agree to a 10 per cent pay cut—something Pan Am has been trying to sell to its employees for several weeks.

But even with all of these conditions, which are at least as tight as those imposed in the last year by bankers at Braniff International, the syndicate of lenders headed by Citibank has created for itself the possibility of cutting loose from Pan Am on December 1, assuming by that time the hotels are sold and the bank loans repaid.

Three years ago the company was hailed for its notable turnround from a string of losses totalling over $350m in the first half of the 1970s. In that period, executives have said the company was within a fortnight of bankruptcy, and the shares slid to a low of $1.80.

Yesterday, the shares were trading unchanged at $3.50, an indication that the market is at least relieved to see Pan Am publicly confronting its well-known difficulties under the leadership of Mr William Waltrip, who took over as president and chief executive of the airline division of the company in July.

Pan Am's problems stem from a number of sources, of which the most recent but least significant is the strike by U.S. air traffic controllers.

The problem of the early 1970s was that Pan Am, traditionally with unit costs above the industry average and a sprawling world route structure at the mercy of competition from subsidised non-U.S. carriers, suffered more than most from the recession and the rapid increase in fuel costs. Unlike most large U.S. airlines, Pan Am has to buy much of its fuel outside the U.S., where even with fuel-price deregulated in the U.S., it costs much more.

The airline's response was a strategy of economies, modernisation and expansion, but it is clear with hindsight that the dramatic recovery in the company's profits in 1977 and 1978 owed more to an unprecedented boom in worldwide air passenger travel, which grew by 29 per cent between 1977 and 1979.

Since 1979, four things have happened: fuel prices surged again creating a recession in air traffic; Pan Am took over National for about $350m; airline deregulation in the U.S. progressively came into force; and Pan Am tore itself apart by management infighting which eventually led to the departure of Mr Dan Colussy, Pan Am's president, last November, not to mention an avalanche of more junior executives.

The recession, obviously, is not Pan Am's fault, but the company has to take the blame on the three other counts.

The programme for deregulating fares and route rights was known when Pan Am bought National in an effort to provide a solid domestic base for its unrivalled international connections. But deregulation eliminated the value of National's route rights. This problem was made worse by difficulties Pan Am has had in meshing the operations of the two carriers and by the fact that National's fleet of 16 DC-10 aircraft, surplus to Pan Am's requirements from the start, should have been sold before the bottom dropped out of the jet market last year.

Airline deregulation has also opened the doors to small, mainly non-union, carriers, which the bigger more inefficient carriers cannot match in unit costs. Ironically, Mr Colussy is about to start such an airline, Columbia Air, based on Dulles airport near Washington.

The final stumbling-block, of management chaos, has been the source of endless rumours. Suffice it to say that almost half the company's top officers have left since 1979, some justifiably in the search for economies, many because of the decline in morale. Mr William Seawell, Pan Am's chairman, must take the blame for this. Perhaps that is what he was doing when he announced recently that he would retire a year early in January. Mr Waltrip is a possible successor, but outsiders are also being considered.

The task no wfacing Mr Waltrip is immense, but not impossible. The company has sold for $400m its best asset, the famous New York headquarters, and will probably move staff lock, stock and barrel to Florida later this year.

It looks as if the hotels will be sold. Of these Pan Am owns 6½ (4½ are in Europe) but controls about 70 more through leases, franchises or management contracts. The book value of the hotels, which are free of debt, is $140m, but Pan Am's statement yesterday suggested the sale price would cover the repayment of at least $288m of debt. But Pan Am will miss the profits, which amounted to $23.8m in the first half. The company's overall loss in that period was $217.6m.

The sale of the hotels will put Pan Am on its own as an airline, apart from a barely significant servicing business.

The 10 per cent cut in wages—labour makes up one third of Pan Am's costs—will help, but Pan Am wil lstill probably only be at around the average of unit costs for the major carriers as a result.

Pan Am will also try belatedly to stand by its promise at the time of the National merger to cut many of the former National routes on the North-Shouth U.S. axis, in preference to a strategy of hubs in New York, Miami, Los Angeles and Houston as feeders for Pan Am's Latin American, transatlantic and transpacific routes.

One of Pan Am's biggest worries must be the intransigence of its problem with profits on transatlantic and transpacific routes, problems which appear to be incapable of resolution short of abandoning major routes or awaiting the long forecast improvement in traffic.

The danger is that no matter how intense the energies of Mr Waltrip are seen to be, Pan Am will run out of time.

Dome Petroleum registers half-year earnings gain

BY OUR CALGARY CORRESPONDENT

DOME PETROLEUM'S results for the first half of 1981 indicate only a slight growth in profit, from C$99.6m to C$104m (U.S.$85m) or only 47 cents per common share.

However, new energy production taxes contained in Canada's controversial National Energy Programme have depressed the sector's performance since last October. By comparison with the rest, Dome's income stability demonstrates diversity from strictly well-head production incomes which are most affected by the new taxes.

Though widely held by foreign investors, Dome is the largest and perhaps the most aggressive of Canada's home-grown energy giants.

While Dome's patriotically coloured fleet of red and white ice breakers and drilling ships probe below the Arctic Beaufort Sea, providing speculative appeal, the company has been tirelessly acquiring assets on the North American continent, most recently taking control of Hudson's Bay Oil and Gas (HBOG) fro mConoco for C$2m.

Last week, Dome said that it would attempt to take up the minority HBOG shares in order to completely incorporate the company and gain access to its C$300m cash flow.

Van Gelder paper group files for bankruptcy

BY CHARLES BATCHELOR IN AMSTERDAM

VAN GELDER, the loss-making Dutch paper and packaging group, yesterday filed for bankruptcy with the Amsterdam District Count. The company was last month granted permission to suspend payments to creditors but continuation of the suspension had become a threat to those parts of the group which were still viable.

The company will continue to operate factories at three locations in the Netherlands while it attempts to find buyers willing to take them over. But the decision to declare bankruptcy will lead to the dismissal of about 750 of the remaining 2,235 staff, it said.

Van Gelder has made losses in five of the past six years because of the depressed state of many of its markets and the rising costs of energy and raw materials.

Crown Zellerbach, the U.S. paper company which has a half share in Van Gelder, last year wrote off its holding, which had previously been valued at $34m. The refusal of the Dutch Government earlier this year to provide further aid for the company was the final blow.

Van Gelder has not yet filed accounts for 1980 though it reponted a loss of Fl 54m ($20m) in the first six months on sales of Fl 416m ($150m). This loss was almost equal to the Fl 55m net loss recorded in the whole of 1979 on sales of Fl 815m.

DM 150m bond for Quebec

A DM 150m 10-year bond for the Province of Quebec was launched last night through Commerzbank. The borrower is paying a coupon of 10¾ per cent and pricing is expected to be at a small discount, writes Francis Ghiles.

Some borrowers have been able to raise foreign Deutsche Mark bonds on a coupon of 10¼ per cent in recent weeks, but the weakness of the Deutsche Mark sector following the strength of the dollar has forced coupons back to last June's levels.

Prices of seasoned Deutsche Mark foreign bonds declined by ½ points yesterday.

A $20m 10-year dollar convertible bond was launched yesterday for Nippon Chemi-Con, the Japanese electrical parts manufacturer. The borrower is paying an indicated coupon of 5¼ per cent and a conversion premium of 5 per cent. This issue, which will be priced on August 25, is led by Nikko Securities.

Approval for Du Pont merger

By Our New York Staff

DU PONT shareholders have approved the chemical company's $7.6bn acquisition of Conoco, the ninth largest U.S. oil company.

Du Pont said about 94 per cent of the company's shareholders voted in favour of the merger with only 6 per cent voting against.

Du Pont will increase the authorised number of its shares to 300m and issue 1.7 shares for each Conoco share to acquire 55 per cent of the oil company's stock. Du Pont is paying $98 a share in cash for 45 per cent of Conoco stock.

Mr Edward Jefferson, Du Pont's chairman, said the merger was expected to come effective early in October.

AMERICAN QUARTERLIES

ADOBE OIL

	1981 $	1980 $
Second quarter		
Revenue	43.4m	40.2m
Net profits	6m	5.28m
Net per share	0.40	0.36
Six months		
Revenue	82.7m	79.4m
Net profits	11.16m	10.33m
Net per share	0.75	0.71

ANDERSON CLAYTON

	1980-81 $	1979-80 $
Fourth quarter		
Revenue	479.3m	416.2m
Net profits	18.0m	13.1m
Net per share	1.45	1.02
Year		
Revenue	1.93bn	1.7bn
Net profits	51.4m	52.7m
Net per share	4.09	4.00

BRASCAN

	1981 $	1980 $
Second quarter		
Revenue	61m	35.9m
Net profits	28.3m	15.6m
Net per share	0.99	0.87
Six months		
Revenue	104.3m	71.1m
Net profits	50.8m	35.2m
Net per share	1.82	1.29

BRIGGS AND STRATTON

	1980-81 $	1979-80 $
Fourth quarter		
Revenue	112.3m	179.2m
Net profits	3.4m	12m
Net per share	0.24	0.83
Year		
Revenue	569m	708.6m
Net profits	25.1m	49.1m
Net per share	1.74	3.39

CANADA CEMENT LAFARGE

	1981 C$	1980 C$
Six months		
Revenue	350.7m	271.5m
Net profits	6.3m	4.9m†
Net per share	0.15	—

† Loss

FLEXI-VAN

	1981 $	1980 $
Second quarter		
Revenue	50.3m	42.5m
Net profits†	4.64m	6.33m
Net per share†	0.65	0.93
Six months		
Revenue	94.9m	83.1m
Net profits†	7.04m	13.43m
Net per share†	0.85	1.98

† Operating

FRED S. JAMES

	1981 $	1980 $
Second quarter		
Revenue	62.3m	51.7m
Net profits	5.1m	5.2m
Net per share	0.58	0.65
Six months		
Revenue	123.6m	101.4m
Net profits	10.2m	11.4m
Net per share	1.14	1.30

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday September 14.

Closing prices on August 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13½ 88	75	88¾	89¼	+0⅛	−1⅛	16.06
CIBC 14½ 84	185	95⅝	96⅛	−0⅛	−0⅜	16.44
CIBC 15¾ 86	75	97⅜	97⅞	0	−0⅜	15.95
CNA 15¾ 96	75	92½	93	−0¼	−1⅞	16.56
CNE 12¾ 91	100	82¼	82¾	0	−1⅜	16.51
Citicorp Int. Fin. 15 86	150	96⅞	97⅛	+0¼	−0⅜	15.94
Citicorp O/S 15½ 84	175	98½	99	0	−0⅜	16.01
Dupont Canada 13½ 91	65	88⅞	89⅜	−0⅛	−1⅛	15.79
EEC 14¾ 93	65	92	92½	−0⅞	−1⅝	16.22
EIB 12¾ 89	75	85½	86	−0¼	−0⅝	16.07
Eldorado 13¾ 86	50	90⅝	91⅛	+0⅜	−0⅜	16.10
Elec. de France 13 88	125	86⅝	87¼	−0⅜	−1⅛	16.36
Fed. Bs. D. 12¾ 85 (N)	50	87⅞	88⅜	−0¼	−0⅜	16.28
Fed. Bs. D. 15¾ 84 (J)	40	98⅞	99⅛	0	−0⅜	16.20
Fin. Exp. Credit 10½ 85	50	83	83½	−0¼	−0⅝	16.68
Finland, Rep. of 9½ 86	100	77⅞	78¼	−0⅜	−0⅝	16.69
Ford Cr. O/S Fin. 16 84	150	99⅞	100⅜	+0⅛	0	15.78
Ford Cr. O/S Fin. 16 85	150	97⅛	97⅝	+0⅛	+0⅜	16.93
Gaz de France 13½ 86	80	90½	91	+0⅛	−0⅞	16.53
GMAC O/S Fin. 12⅞ 88	100	87⅞	88⅜	−0⅛	−0⅝	15.89
GMAC O/S Fin. 14¾ 87	100	93½	94	0	−0⅜	16.46
Gen. Mts. O/S 11⅜ 87	100	84⅜	84⅞	−0¼	−0½	15.80
Genstar 14⅞ 91	50	94⅞	95⅜	−0⅜	−1	15.71
Hiram Walker 16 85	50	102	102½	0	−0⅛	15.25
IBM Wld. Trade 12½ 88	200	91⅜	92⅛	0	−0⅜	14.47
IBM Wld. Trade 14¾ 84	100	100⅜	101¼	−0¼	−0½	14.23
IBM Wld. Trade 14⅝ 85	60	99⅝	100⅛	−0⅛	−0⅜	14.73
Nat. Bk. Canada 15⅝ 84	40	97½	97⅞	−0⅛	+0⅜	16.41
Newfoundland 13½ 90	60	87	87½	−0⅛	−1⅜	16.33
Nova Scotia 15 91	75	93⅜	93⅞	0	−1⅜	16.32
Ontario Hydro 13½ 91	100	87⅝	88⅛	−0⅛	−2⅛	16.02
Pacific Gas Elec. 16 88	75	100⅞	101⅜	0	0	15.71
PSNH Int. Fin. 17 86	30	97½	98	+0⅛	+0⅜	17.71
Queb. Hy. 13 91 (WW)	100	83⅞	84⅜	0	−0⅝	16.39
Royal Bk. Canada 14 86	100	94	94½	−0¼	−1⅜	15.76
SNCF 13 91	75	86⅜	86⅞	−0½	−1⅛	15.76
Sth. California 14 87	50	94⅞	95⅜	0	−0¼	15.33
Sth. California 14¾ 88	50	95½	96	+0⅛	−0½	15.78
Sven Handlsbk. 13¾ 88	45	90⅝	91⅛	0	−0⅜	16.02
Swed. Ex. Credit 13 88	75	87⅜	88¼	−0¼	−1⅜	17.00
Swed. Ex. Cred. 15¾ 85	50	96⅝	97⅛	0	−1⅝	16.68
Toronto-Dom. Bk. 14 84	50	94	94½	+0⅛	−0½	16.73
Tribune O/S Fin. 14 86	50	92½	93	+0⅛	−0½	16.30
Wells Fargo Int. 15½ 84	50	98½	99	0	−0⅜	16.01
World Bank 10¼ 87	300	78⅜	78⅝	0	−0⅝	16.23
World Bank 14⅜ 86	500	93⅜	93⅞	−0⅛	−0⅜	16.38

Average price changes... On day −0⅛ on week −0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	96⅝	97⅛	−0¼	−0½	10.49
Austria, Rep. of 8¾ 92	150	86	86½	−0⅛	−1	10.36
[illegible]						

OTHER STRAIGHTS (cont.)	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk 9 91 EUA	25	86	87¼	0	0	11.25
SOFTE 8⅞ 89 EUA	40	82⅛	83⅛	−2	−2	11.77
U. Bk. Nwy. 9½ 90 EUA	18	90⅛	91⅛	−1	−1	11.21
Algemene Bk. 10½ 86 Fl	60	93⅛	93¾	0	−0⅛	12.19
Amro Bank 12 86 Fl	75	99⅛	99⅝	0	−1	12.16
Heineken NV 10 87 Fl	100	92	92½	0	−1⅛	11.89
Nat. Nedrlndn. 10 88 Fl	60	93⅜	94⅛	0	−0⅞	11.33
Ned. Midd. Bk. 10 85 Fl	75	93⅜	94¼	+0⅛	−0⅛	11.93
Pierson 10½ 88 Fl	50	92⅛	92⅞	0	+0⅛	12.51
Rabobank 12 86 Fl	50	98⅞	99½	−0¼	−0⅞	12.22
Air France 14½ 86 FFr	200	91½	92¼	0	−0¼	17.08
[illegible]						

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

OTHER STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

* No information available—previous day's price.

[illegible]

Electrolux earnings halved in first half

By Westerly Christner in Stockholm

ELECTROLUX, the Swedish household appliance group, has suffered a severe setback for the first half of 1981 as a result of weak demand, heavy financial costs and foreign exchange losses.

Profits before tax were halved to SKr 251m ($47m) during the six months and for the year as a whole the company expects to return between SKr 600m and SKr 700m, which compares with the SKr 1bn achieved in 1980.

Sales for the half-year were SKr 9.5bn, compared with SKr 8.1bn, a rise of 17 per cent. Slightly less than four-fifths of the total arose outside Sweden.

Foreign exchange losses amounted to SKr 61m, rising to SKr 69m if the results of Gränges are included. Plus Gränges, which Electrolux acquired last year, pre-tax profits for the half year totalled SKr 266m.

The substantial profit decline is attributed by the directors to weak demand for group products in Sweden and in West European markets and an increased volume of borrowing against a background of high interest rates.

Electrolux says a definite economic upswing was noted during the beginning of the second quarter of this year, but this has since slowed and is not expected to pick up again before 1982.

Foreign investors retreat from the Paris bourse

BY TERRY DODSWORTH IN PARIS

BY ELECTING a Socialist President when the professional forecasting world had dismissed him as an also-ran, the French voters have delivered another of the body blows that have periodically shaken the international standing of the Paris bourse.

Before the recent elections, brokers in Paris were gearing up for an influx of foreign funds. They believed M Valery Giscard d'Estaing would be re-elected, as did most of their clients. When he lost the election the broking community was faced with a stampede in the opposite direction. Many foreigners sold out in the first few panic days which followed the election.

There is no doubt that this desertion has hit the Paris market hard. Share prices have recovered noticeably since their June lows for this year, but that still leaves the main CAC General index more than a sixth short of its pre-election peaks.

Although a great deal of the work that went into developing the bourse by the previous Government was directed at a domestic audience, it was also aimed at attracting foreign investors. M Rene Monory, the former Economics Minister, used to talk of turning Paris into one of the world's leading stock markets, based on a vigorous, free-standing, internationally-competitive industrial sector.

The bourse was still a long way from this ideal when the Socialist landslide swept across France. Yet some of the earlier groundwork remains intact.

At the height of the bourse's popularity last year, between 15 per cent and 20 per cent of the funds invested in French shares probably came from overseas. This figure is now widely agreed to have dropped to about 5 per cent. But if the former Government had been returned, some experts are convinced that the influx of funds would have extended the foreign shareholding to about 30 per cent of the bourse's capital value.

Some of this finance would have been transient. Paris, like other stock markets, attracts a fair amount of floating capital. But what the authorities had been hoping for was an inflow of longer-term funds, invested with a view to being kept in French stocks whatever the particular conditions of the market. This would have been an important element in building up the liquidity which is seen as an essential step in the development of a bigger market.

There is some evidence that in the last few years, particularly since M Raymond Barre, the former Prime Minister, introduced his more rigorous style of economic management, some of the money flowing into Paris has been committed on a longer term basis. This was particularly true of U.S. and Arab investors, although less so of the Europeans—essentially the British, Germans and Swiss.

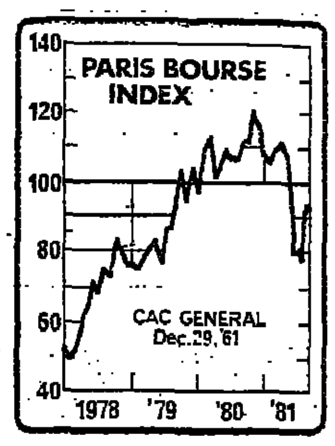
The difference in attitude derives from the U.S. view of Paris as one of a number of European stock markets on a list which is used to spread risks and diversify investments. A certain amount of capital is set aside for Europe by some of the big fund managers, and Paris gets its share.

Similarly, the Arabs have tended to hold on to their shares in Paris because these investments are just one element in an overall portfolio which may include property and bonds. During the last three or four years, a number of Arabs have committed themselves to France as a safe and stable haven for oil revenue.

Most European investors, however, are still taking a short-term view of the Paris bourse. For them, it is a small market where quick profits can sometimes be made, but where risks are sizeable and price swings are exaggerated because of the lack of size and liquidity. Three main questions will have to be answered positively before they return in any numbers.

The first concerns the confidence of the French themselves. In the aftermath of President Francois Mitterrand's election, many French investors fled from the bourse because of the threats of poor compensation for nationalisation and increased taxes on dividends. The new Government's policy on these questions is still not clear, though many observers feel that at least the Economic Ministry is sympathetic to the idea of maintaining a vigorous bourse.

The second question relates to the problem of the currency. Since May, the franc has weakened by some 25 per cent against the dollar and dealers are convinced that a formal devaluation against the D-mark within the European Monetary System must follow. The present instability illustrates the accuracy of M. Barre's frequent observation that a weak and vacillating currency was anathema to positive, long-term investment.



Finally, foreign confidence needs to be restored in the performance of the French economy. During M Barre's period in office there was a gathering feeling among international investors that France was at last beginning to harness fully its inherent strengths—its vast land resources, its high standards of education and training and its strong administration—in the interests of developing industry.

Many investors feel that the Socialists could turn the clock back, undermining the competitiveness of French companies while fuelling France's already high inflation by give-away budgets.

"For the past few years France has been the priority country on my investment list in Europe," said a U.S. fund manager recently. "I have not lost interest. But for the time being it has been pushed to the bottom of my list."

That is probably a fair summing up of the general feeling.

Farm group for Thyssen Bornemisza

By Charles Batchelor in Amsterdam

THYSSEN-BORNEMISZA, the Dutch industrial holding company, plans to acquire Vicon, a Dutch maker of farm machinery.

Agreement is expected to be reached later this month on terms of the deal with the present owners of Vicon, the Die Haghe Investment group. Vicon has a capital of Fl 5.5m ($2m).

Vicon posted a net profit of Fl 4.5m on sales of Fl 180m last year, and expects profits to rise to Fl 5m for 1981 on sales of Fl 200m. It employs 1,000, including 650 in the Netherlands

This is the first attempt by Thyssen-Bornemisza to expand its farm machinery division, which at present consists of Zweegers, a machinery manufacturer with sales of about Fl 150m and Boeke-Heesters, a trading company with sales of about Fl 100m. Vicon will retain its identity after the acquisition.

An earlier attempt by Thyssen-Bornemisza to acquire 80 per cent of Herriau, a maker of sugar beet harvesting machinery in Cambrai, France, failed, partly because the French authorities refused permission

Thyssen-Bornemisza, which has industrial and trading interests in Europe and North America, reported a 1980 net profit of Fl 136m ($49m) on sales of Fl 3.4bn.

JAPANESE SECURITIES BUSINESS

Brokers seek wider horizons

BY RICHARD C. HANSON IN TOKYO

IN THE PAST YEAR or so Japan has found itself an attractive resting place for international capital, especially from Arab investors. In the year to March a record $17bn, net, flowed into Japanese securities. In more recent months, the flow of Japanese investment overseas has risen sharply.

This has meant for the big securities houses a surge in international business. Such business still accounts for only 10-15 per cent of revenues and profits, but volume has doubled in the past 12 months.

The sums involved are enormous. Stock transactions alone by foreigners handled by the securities industry jumped from $12bn in the 1979-80 financial year to $25.4bn in 1980-81. In the April to June quarter of this year the total soared to $14bn. This translates into an annual rate of $58bn.

Another area of rapid growth is in the underwriting of Japanese issues of debt overseas. Over the next two months, September and October, well over $1bn in convertible debentures are scheduled to be issued in Europe, more than the total for all last year.

Perhaps the most distinctive feature of this foreign boom is that the internationalising of Japanese financial markets is, this time around clearly a two-way street. This reflects the fact that Japan as a whole now has a much greater stake in the rest of the world. There have also been substantial relaxations in Japanese Government policies affecting the flow of investment capital.

The securities industry in Japan, at the same time, appears to be much less restricted by the authorities than *the Japanese City banks* in exploiting new areas of international business.

This freedom was thrown into relief when Nomura Securities, the largest of the Japanese securities houses, announced that it had acquired seats on the New York Stock Exchange earlier this year. Eyebrows were raised since this was the first time a Japanese company had done so. For most of the post-war era, a division of competition had existed between the Japanese securities houses and their U.S. counterparts. Fears over losing business directed at Japan by U.S. brokers has made Japanese houses in general reluctant to buy into New York, but that era seems about to fade into the past.

In addition, all four leading likely to lead the way. There are suggestions that Nomura is indeed interested in buying into the international banking world.

Nomura's ambition is to establish itself as a financial "Sogo Shosha," the term used to describe Japan's large general trading companies. This would mean offering a range of financial services (banking and securities) around the globe. Other securities houses are eager to strengthen their own more specialised areas.

Daiwa considers itself to be the "pioneer spirit" in new concerns are more advanced. Japanese securities companies did not seriously emerge into the outside world until after the war, and not until the 1960s and 1970s. Even now Japanese underwriters are hampered, for example by the difficulty of training international staff. This makes it difficult to compete for places with US or European merchant banks to underwrite first rate corporate issues overseas.

But one advantage the Japanese securities industry does enjoy is a virtual

Percentage market shares of big four Japanese securities houses

October 1980 to June 1981

	Nomura %	Daiwa %	Nikko %	Yamaichi %
Underwriting in Japanese issues overseas	34.2	11.6	26.0	28.2
Underwriting in Samurai bond issues in Japan	29.1	25.5	12.7	32.7
Foreign investment in Japanese stocks	33.7	23.0	20.7	22.6
Foreign investment in Japanese bonds	41.8	20.7	17.9	19.6
Japanese investment in foreign stocks	33.0	29.9	3.1	34.0
Japanese investment in foreign bonds	26.5	17.1	20.4	36.0

Estimates by the Financial Times

Japanese securities companies—Nomura, Daiwa, Nikko and Yamaichi—are wooing the Bank of England for permission to set up fully fledged London Merchant banks. Nomura already has everything but the signboard in place in its City headquarters, recently moved to Gracechurch Street.

Elsewhere new offices are opening in the Middle East, and networks are being *strengthened with capital.*

Before long, Japanese securities companies expect to be involved in a wave of investments in financial institutions around the world and may consider mergers. Nomura appears international ventures, having brought forward such investment vehicles as the Asian dollar bond and the Euroyen bond. Yamaichi, with traditionally strong ties to listed corporations in Japan, is the leader in a Japanese investment drive into foreign securities and Japanese company bond issues abroad.

Nikko carries a reputation for aggressive investment trust *sales.*

The point should be made that the Japanese securities industry, for all its potential, is still relatively a newcomer to the world of international finance. US and European monopoly on the Japanese market itself. There is little chance that any foreign company will be allowed (or could afford) membership of the Tokyo Stock Exchange. Membership is limited to 83 companies and the price of corporate membership is astronomical, compared with a seat on the New York Exchange.

With this preserve comes direct access to an estimated $300bn in investable funds held by Japanese financial institutions. This is about half that of the U.S. but much more than that in the UK. In the final analysis, this is the incentive for Japan to go international.

Sharp advance for Kanhym

By Our Johannesburg Correspondent

KANHYM, the South African farm products company which has a minority interest in a developing export coal mine has reported sharply increased pre-tax profits for the six months to June of R17.1m (U.S.$17.9m) compared with R19.5m in the previous 15 months. The company has changed its financial year end to December 31 in line with its mining house parent company, Gencor.

Negotiations on Kanhym's participation with BP Coal in a new export coal mine should be completed within two months. When the mine comes into production, it is expected to have annual sales of 4m metric tonnes of coal.

All round growth at Abercom

BY JIM JONES IN JOHANNESBURG

ABERCOM, the diversified South African engineering group, increased operating profits by 55 per cent to R25.9m ($27.4m) in the year to June 30 on turnover 40 per cent ahead to R230m ($243m).

In addition to reporting higher profits in all of the group's major areas of activity, Mr Peter Herbert, the chairman, forecasts further profit improvement. The heavy engineering operations are expected to provide a 30 per cent return on capital employed before tax and interest, although Mr Herbert says there is still progress to be made towards that target. In the year just ended the heavy engineering division's profits were restrained by losses on certain long-term contracts.

The Davidson International fan division continued to perform well and in April acquired manufacturing facilities in Dearborn, Michigan, for R4.8m. A further R2.5m is to be spent on enlarging the American operation this year. The fan division, says Mr Herbert, is well placed to take advantage of upturns in overseas markets.

Budgets prepared in May allow for further improvement in all operating areas during the current year. Little slackening in Abercom's markets is reported to be visible, though Mr Herbert warns that the slowdown in South Africa's economic growth may well reduce the group's profit growth rate.

Nevertheless, he is confident about growth prospects for the next five years and says the group is preparing itself for this with improvements in and additions to manufacturing facilities. This year it plans to spend R20m on capital projects, compared with R15m last year.

South Afrca accounts for about 80 per cent of sales at present and these are expected to show average growth of 4 per cent to 5 per cent more *than inflation over the next five* years.

A total dividend of 31 cents has been declared from earnings of 77 cents a share. The 1979-80 year resulted in earnings of 51 cents a share and a total dividend of 24 cents.

French Bank up midway

BY OUR JOHANNESBURG CORRESPONDENT

FRENCH BANK, the South African commercial bank 54.5 per cent-owned by Banque de l'Indochine et de Suez and 30 per cent by the mining house, Gencor, increased first-half net profit to R757.000 ($799,000) in the six months to June. Profit was R625,000 in the first half of last year and R1.57m for 1980 as a whole.

The bank has little exposure to consumer financing and concentrates on financing capital equipment and agricultural exports, particularly wool. Import-export activities are being expanded.

In April the bank's 2.06m preferred ordinary shares were converted into ordinaries, increasing the number of ordinary shares in issue to 8m.

An interim dividend of 5 cents has been declared from earnings per share of 9.46 cents. Last year the interim was 4 cents and earnings per share 7.68 cents. For all 1980 dividends of 10.5 cents were paid from earnings of 19.85 cents. A preferred ordinary dividend of 9.5 cents was paid last year from earnings of 18.85 cents per prefered share.

No interim dividend after setback at Showa Denko

BY RICHARD C. HANSON IN TOKYO

SHOWA DENKO, a diversified chemical producer, has joined the ranks of others in the industry in reporting a sharp drop in sales and profit for the six months ended June 30 and will not pay a midterm dividend.

Blaming severely depressed demand for petrochemical products, the company suffered a 98 per cent drop in net profit to Y108m ($0.43m). It had an operating loss of Y666m.

Sales were down 20.7 per cent from the comparable year earlier half to Y192.2bn. Petrochemical sales (more than half of the total) dropped 25.9 per cent.

Efforts to cut costs through energy saving and rationalisation were not enough to cover the added expenses brought on by reduced production levels during the half.

The company suspended production at one of its 220,000 tonne per year capacity ethylene plants to cope with a drop in demand.

CURRENCIES, MONEY and GOLD

Dollar recovers

Dollar recovered in late trading after a fairly sharp fall during early European trading. The early weakness was a continuation of Monday's selling, but in the afternoon the situation was reversed when U.S. centres began trading. Eurodollar interest rates were slightly firmer, and the U.S. currency may have also been helped by the high level of the overnight Federal funds rate, which opened around 20 per cent.

Sterling finished slightly weaker overall, and fell quite sharply in the afternoon against the dollar, possibly reflecting nervousness about the outcome of the Opec meeting in Geneva and the effect on North Sea oil prices.

European currencies finished little changed against the dollar but the French franc continued to improve.

DOLLAR — trade-weighted index (Bank of England) fell to 112.3 from 112.9. It rose to DM 2.4940 from DM 2.4920 against the D-mark and to SwFr 2.1725 from SwFr 2.1680 against the Swiss franc. On the other hand the French franc gained ground, with the dollar falling to FFr 5.9325 from FFr 5.9850. The dollar/yen rate was little changed at Y229, compared with Y229.75.

STERLING — trade-weighted index (Bank of England) fell to 91.1 from 91.3, after opening at 91.3, and rising to 91.6 at noon. The pound opened at $1.8375-1.8385, and touched a peak of $1.8540-1.8550. In the afternoon it fell to $1.8250-1.8280, and closed at $1.8280-1.8300, a rise of 65 points on the day.

D-MARK — The most consistently strong member of the European Monetary System, despite a softer tone in recent weeks. It has fallen sharply against the dollar, approaching a five-year low, but the current wave of dollar sales has improved the situation for the German currency, although the picture may change again just as abruptly, given the continuing high level of U.S. interest rates—The D-mark showed mixed changes at the Frankfurt fixing, improving against the dollar, Swiss franc and several members of the EMS, but weakening against the pound and French franc. The Bundesbank sold $17.05m when the U.S. currency was fixed at DM 2.4705, compared with DM 2.5270 on Monday. The dollar declined on suspicion that interest rates in the U.S. may soften, but recovered slightly to DM 2.4880 in the afternoon. Sterling rose to DM 4.57 from DM 4.5620 at the fixing, but eased to DM 4.5450 later.

FRENCH FRANC—Trading at a comfortable level within the EMS, despite persistent rumours of a devaluation of the currency. The firm level of U.S. interest rates has pushed the franc near its lowest level for over 20 years against the dollar, but it has shown a slightly firmer tone recenty.—The franc gained ground at the Paris fixing, as the dollar eased to FFr 5.8880 from FFr 6.0350. But the U.S. currency improved to around FFr 5.95 during the afternoon. Sterling also weakened against the franc, falling to FFr 10.8690 from FFr 10.9000, and easing further to around FFr 10.84 after the fixing. The Deutsche Mark fell to FFr 2.3817 from FFr 2.3877 at the fixing, and other EMS currencies also lost ground to the franc. Higher French unemployment figures and expectations of a further rise in prices had little adverse influence on the franc, while the currency was helped against the dollar by the release of Iranian funds, an easing of the Polish situation, and expectation of lower U.S. interest rates.

THE POUND SPOT AND FORWARD

Aug 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8250-1.8550	1.8280-2.8300	0.77-0.87c dis	−5.38	2.14-2.24dis	−4.79
Canada	2.2200-2.2580	2.2215-2.2235	1.50-1.60c dis	−8.37	3.90-4.10dis	−7.20
Nethlnd.	5.03½-5.08½	5.05½-5.06½	½c pm-½ dis	—	¾-½ pm	0.29
Belgium	74.00-74.80	74.00-74.10	65-75c dis	−11.34	145-160 dis	−8.24
Denmark	14.27-14.39	14.32½-14.34½	6¾-8¼ore dis	−6.12	15½-17½ dis	−4.60
Ireland	1.2450-1.2580	1.2515-1.2530	0.18-0.32p dis	−2.39	0.81-0.99dis	−2.87
W. Ger.	4.53½-4.58½	4.55¾-4.56¾	⅞-¾pf pm	1.64	1⅞-1½ pm	1.42
Portugal	121.00-123.00	121.10-121.40	70-155c dis	−11.13	200-395	−9.81
Spain	182.50-184.50	183.00-183.30	80-155c dis	−7.70	200-395dis	−6.50
Italy	2262-2281	2254-2256	44-46lire dis	−23.95	113½-116½ds	−20.40
Norway	11.23-11.35	11.26-11.28	1½ore pm-par	0.80	1pm-½ dis	0.09
France	10.83-10.89	10.84-10.85	17½-18½c dis	−19.92	31¼-33¼ds	−12.08
Sweden	9.63-9.73	9.63-9.65	1¼-2¼ore dis	−2.18	1½-2¾ dis	−0.88
Japan	416-427	418-419	2.65-2.35y pm	7.17	7.00-6.60 pm	6.50
Austria	31.85-32.10	31.92-31.97	9-3gro pm	2.25	12-2 pm	0.85
Switz.	3.94-3.99	3.97-3.98	2-1½c pm	5.26	4⅞-4⅝ pm	4.65

Belgian rate is for convertible francs. Financial franc 80.90-81.00. *Six-month forward dollar 4.12-4.22c dis. 12-month 6.40-6.60c dis.*

THE DOLLAR SPOT AND FORWARD

Aug 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8250-1.8550	1.8280-1.8300	0.77-0.87c dis	−5.38	2.14-2.24dis	−4.79
Ireland†	1.4560-1.4780	1.4620-1.4650	0.28-0.38c dis	−2.70	0.62-0.75dis	−1.87
Canada	1.2162-1.2191	1.2185-1.2188	0.33-0.38c dis	−3.49	0.75-0.80dis	−2.54
Nethlnd.	2.7380-2.7650	2.7600-2.7650	1.28-1.18c pm	5.34	3.48-3.38 pm	4.96
Belgium	40.34-40.59	50.49-40.51	18-28c dis	−6.80	28-38 dis	−3.25
Denmark	7.7800-7.8325	7.8225-8.8325	0.35-0.60ore dis	−0.73	¾-½ pm	0.25
W. Ger.	2.4625-2.5000	2.4935-2.4945	1.43-1.37pf pm	6.74	3.86-3.80 pm	6.14
Portugal	66.25-66.60	66.25-66.45	par-40c dis	−3.62	15-115dis	−3.92
Spain	99.40-99.95	99.90-99.95	par-15c dis	−0.90	10-30 dis	−0.80
Italy	1230½-1238	1233-1236	17-18½lire dis	−17.22	44-47 dis	−14.71
Norway	6.1200-6.1750	6.1650-6.1750	3½-3ore pm	6.33	7.95-7.45 pm	4.99
France	5.8650-5.9500	5.9300-5.9350	7-8½c dis	−15.68	9.11 dis	−6.74
Sweden	5.2435-5.2850	5.2750-5.2850	1.55-1.35ore pm	3.30	5.40-5.20 pm	4.02
Japan	228.25-230.75	228.95-229.05	2.40-2.25y pm	12.18	6.45-6.30 pm	11.13
Austria	17.28-17.48¼	17.47-17.48	11½-10¾gro pm	7.56	27-23 pm	5.72
Switz	2.1430-2.1770	2.1720-2.1730	1.95-1.85c pm	10.49	5.28-5.16 pm	9.63

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 18	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.1	−32.2
U.S. dollar	113.3	+5.0
Canadian dollar	87.8	−17.8
Austrian schilling	110.6	+22.9
Belgian franc	104.6	+9.2
Danish kroner	84.8	−11.5
Deutsche mark	115.0	+57.3
Swiss franc	132.6	+80.0
Guilder	107.0	+14.2
French franc	81.5	−12.1
Lira	56.9	−55.9
Yen	148.5	+36.8

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.620054	0.550765
U.S. $	14	1.11648	0.997991
Canadian $	21.07	1.36712	1.22524
Austria Sch.	6¾	19.8161	17.6844
Belgian F	13	unavail.	41.1971
Danish K	11	8.88912	7.92405
D mark	7½	2.82640	2.52093
Guilder	9	3.14069	2.79787
French Fr.	9½	6.75005	6.01639
Lira	19	1407.05	1254.48
Yen	6¼	260.270	232.053
Norwgn. Kr.	9	6.97952	6.22198
Spanish Pts.	8	113.468	101.296
Swedish Kr.	12	5.97324	5.32528
Swiss Fr.	5	2.44410	2.17981
Greek Dr'ch.	20½	—	61.7058

OTHER CURRENCIES

Aug. 18	£	$		Note Rates
Argentina Peso	9352-9572†	5099-5119†	Austria	31.70-32.05
Australia Dollar	1.6005-1.6045	0.8740-0.8746	Belgium	80.55-81.35
Brazil Cruzeiro	180.89-181.89	98.62-99.11	Denmark	14.28-14.45
Finland Markka	8.378-8.391	4.5870-4.5910	France	10.83-11.05
Greek Drachma	109.215-112.580	60.40-60.60	Germany	4.54-4.59
Hong Kong Dollar	10.84¼-10.86¼	5.9350-5.9400	Italy	2235-2310
Iran Rial	146.50*	82.40*	Japan	432-426
Kuwait Dinar (KD)	0.518-0.524	0.2836-0.2837	Netherlands	5.04-5.09
Luxembourg Fr	74.00-74.10	40.49-40.51	Norway	11.25-11.37
Malaysia Dollar	4.33-4.34	2.3700-2.3730	Portugal	120¼-125½
New Zealand Dlr.	2.2140-2.2190	1.2085-1.2095	Spain	180½-190½
Saudi Arab. Riyal	6.25-6.31	3.4190-3.4210	Sweden	9.62-9.72
Singapore Dollar	3.9650-3.9750	2.1700-2.1730	Switzerland	3.96-4.00
Sth. African Rand	1.7285-1.7300	0.9450-0.9460	United States	1.82-1.84
U.A.E. Dirham	6.71-6.77	3.6720-3.6740	Yugoslavia	77-81½

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 12,982-13,982 and for the dollar 7.600-7.650. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.1661	+0.90	+0.38	±1.5361
Danish Krone	7.91917	7.93598	+0.21	+0.29	±1.6413
German D-Mark	2.54502	2.52024	−0.97	−0.89	±1.1386
French Franc	5.99526	6.00310	+0.13	+0.21	±1.3638
Dutch Guilder	2.81318	2.79811	−0.54	−0.46	±1.5159
Irish Punt	0.685145	0.690400	+0.77	+0.85	±1.6688
Italian Lira	1262.92	1257.32	−0.44	−0.44	±4.1716

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.829	4.563	418.5	10.845	3.975	5.060	2255.	2.225	74.55
U.S. Dollar	0.547	1.	2.495	228.8	5.929	2.173	2.767	1233.	1.215	40.49
Deutschemark	0.219	0.401	1.	91.73	2.377	0.871	1.109	494.2	0.487	16.23
Japanese Yen 1,000	2.389	4.370	10.90	1000.	25.91	9.498	12.09	5388.	5.311	176.9
French Franc 10	0.922	1.686	4.207	385.9	10.	3.665	4.666	2079.	2.049	68.28
Swiss Franc	0.252	0.460	1.148	105.3	2.728	1.	1.273	567.3	0.559	18.63
Dutch Guilder	0.198	0.361	0.902	82.71	2.143	0.786	1	445.7	0.439	14.63
Italian Lira 1,000	0.443	0.811	2.025	185.6	4.809	1.763	2.244	1000.	0.986	32.84
Canadian Dollar	0.450	0.823	2.053	188.3	4.880	1.789	2.277	1015.	1.	33.32
Belgian Franc 100	1.350	2.470	6.161	565.2	14.65	5.368	6.835	3045.	3.001	100

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 18)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 5/4	offer 18 7/8	bid 18 5/4	offer 18 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Aug. 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	13⅜-13⅝	18⅛-18⅝	22-24	12-12¼	2-2½	11¾-12	30-50	25-35	18-36	6¼-6⅝
7 days' notice	13⅜-13⅝	18¼-18½	22-24	12⅞-13⅛	2-2½	11¾-11⅞	30-50	37-34	27-34	6½-6⅞
Month	13 7/16-15 9/16	18 5/16-18 11/16	21¾-22⅛	13⅜-13½	8¼-8⅜	12⅛-12¼	30-34	35½-27½	23¾-25¾	6⅝-6⅞
Three months	14¼-14⅜	18 7/16-18 9/16	21⅛-21⅞	13½-13⅝	8¾-8⅞	12⅜-12½	25-26	34½-35½	21⅝-24¼	7⅜-7⅝
Six months	14 1/16-14 3/16	18¾-19	20-21⅛	13⅛-13¼	9⅜-9½	12 5/16-12 7/16	23-24	32¼-33¼	19⅛-21	7⅛-7⅜
One Year	14⅛-14¼	17 13/16-18 1/16	20-20⅜	12 15/16-13 1/16	8 11/16-8 15/16	12 7/16-12 9/16	20¼-21¾	29½-30½	18½-19½	7¾-8⅛

SDR linked deposits: one-month 17-17⅜ per cent: three months 16⁹⁄₁₆-16 11/16 per cent; six months 16-16⅛ per cent; one-year 15⅜-15¾ per cent.
ECU linked deposits: one-month 18⅞-19¼ per cent; three months 17½-17⅞ per cent; six months 16 15/16-17 5/16 per cent; one-year 16 5/16-16 7/16 per cent.
Asian $ (closing rates in Singapore): one-month 18 7/16-18 11/16 per cent; three months 18⅜-18⅝ per cent; six months 18⅜-18⅝ per cent; one-year 17 7/16-17 9/16 per cent. Long-term Eurodollar two years 16⅞-17 per cent; three years 16½-16¾ per cent; four years 16⅜-16⅝ per cent; five years 16¼-16½ per cent; nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.45-18.55 per cent; three months 18.65-18.75 per cent; six months 18.55-18.65 per cent; one-year 17.50-17.70 per cent.

MONEY MARKETS

Exceptional help

Bank of England Minimum Lending Rate 12 per cent (since March 10, 1981)

Interest rates remained firm in the London money market yesterday, but eased back in late trading following the exceptionally large assistance given by the Bank of England. In the interbank market overnight loans touched 13¾-14 per cent, before closing around 11 per cent, while seven-day money opened at 13⅛-13⅜ per cent, and rose to 13⅜-13⅞ per cent, finishing at 13⅜-13⅝ per cent, compared with 13¼-13¾ per cent at the close on Monday.

Day-to-day credit was in very short supply and the authorities gave help on an exceptionally large scale, by buying an extremely large amount of bills at rates between 12⅛-12⅞ per cent for resale to the market on August 28, September 8 and 9. The assistance was completed by outright purchases of a small number of local authority bills and eligible bank bills from the discount houses.

The major factor against the market was the unwinding of repurchase agreements from August 10 and 11. Bank balances were also slightly below target, while the authorities held a small number of maturing bills.

Discount houses paid 12-12½ per cent for secured call loans at the start, but closing balances were taken as low as 10 per cent.

At yesterday's special Treasury bill tender only £100m bills were offered, compared with an original announcement of up to £200m. Bids for the bills dated September 1, were accepted within a range of 12¾ per cent and 13¼ per cent. The reduced allotment reflected technical conditions in the market.

In Amsterdam the Dutch central bank has decided to make loans available to the banking system under a second quota facility. It is the first time that this facility has been used since the winter of 1978/79. The second quota has been set at a daily rate of Fl 1.2bn, and supplements the normal three-month quota, which has been raised from a daily Fl 3.45bn to Fl 3.6bn. The normal quota will attract an interest rate of 10 per cent, with the second quota commanding 12 per cent. It is believed that at least one Dutch bank recently asked to draw funds under the second quota facility, but this was refused by the authorities. The second facility will now be freely available however, effectively raising the total credit quota to Fl 4.8bn.

In Paris the Bank of France offered to give help to the money market by buying first category paper and Treasury bills for value Friday. Banks requiring liquidity will submit paper maturing between three periods throughout September, in amounts and at an interest rate to be announced tomorrow. French call money was unchanged at 17⅜ per cent yesterday, and fixed periods were also steady.

GOLD

Firmer trend

Gold rose $7¼ in the London bullion market to close at $418½-420½. The metal opened at $417-419, the lowest level of the day, and was fixed at $422.50 in the morning, and $420.00 in the afternoon. It touched a peak of $426-428.

In Paris the 12½ kilo gold bar was fixed at FFr 90,500 per kilo ($478.06 per ounce) in the afternoon, compared with FFr 90,500 ($477.29) in the morning, and FFr 90,200 ($464.87) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,465 per kilo ($422.02 per ounce), against DM 33,380 ($411.03) previously, and finished at $419-421, compared with $410-412.

In Zurich gold closed at $419-422, against $410-413.

	Aug. 18		Aug. 17	
Gold Bullion (fine ounce)				
Close	$418½-420½	(£228½-229½)	$411-413	(£225½-226½)
Opening	$417-419	(£226½-227½)	$409½-411½	(£226¾-227¾)
Morning fixing	$422.50	(£238.132)	$409.50	(£226.908)
Afternoon fixing	$420	(£229.446)	$411.50	(£226.641)
Gold Coins				
Krugerrand	$431½-432½	(£235½-236)	$425½-426½	(£233¾-234¼)
1/2 Krugerrand	$222-223	(£121-121¾)	$219-220	(£120¼-120¾)
1/4 Krugerrand	$113-114	(£61¾-62½)	$111½-112½	(£61¼-61¾)
1/10 Krugerrand	$46¼-47¼	(£25¼-25¾)	$45½-46½	(£25-25½)
Mapleleaf	$430½-432½	(£235-236)	$424-426	(£232¾-234)
New Sovereigns	$104-104¾	(£56¾-57¼)	$102¾-103¼	(£56½-56¾)
King Sovereigns	$118-120	(£65-66)	$115-117	(£63-64)
Victoria Sovs	$118-120	(£65-66)	$115-117	(£63-64)
French 20s	$120-126	(£65½-68¾)	$121-126	(£66½-69¼)
50 pesos Mexico	$521-525	(£284¼-286½)	$512-516	(£281¼-283½)
100 Cor. Austria	$404-408	(£220½-222½)	$398-402	(£218½-220½)
$20 Eagles	$559-564	(£305-307¾)	$554-559	(£304¼-307)

LONDON MONEY RATES

Aug. 18 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	11-14	12-13½	—	—	12-12½	12-12¼	—	—	—
2 days notice	—	—	13-13⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅛-13⅞	13⅛-13½	—	13⅞	13¼-14¼	12-12¼	—	—	—
One month	13 13/16-13 15/16	13⅝-14	13¾	14¾-14⅝	13⅞	14-14⅛	12¾-	12 15/16-13	12⅞	14¼
Two months	14⅛-14	13⅞-14¼	—	14⅛-14⅛	14⅛	—	13-13¼	13 1/16	13½	14
Three months	14 1/16-14 3/16	14 1/16-14⅜	14⅛	14½-14⅛	14⅜	13½	13¼-13½	13½	13 9/16	14
Six months	14 3/16-14 5/16	14 3/16-14 5/16	14¼	13½-13⅜	14⅜	—	—	—	13 7/16	14⅛
Nine months	14¼-14 3/16	14⅛-14½	—	14⅝-14	14⅜	—	—	—	—	—
One year	14 7/16-14 9/16	14⅛-14 5/16	14⅜	14⅜-14	14⅜	—	—	—	—	—
Two years	—	—	14⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice others seven days' fixed. Long-term local authority mortgage rates nominally three years 14¾ per cent; four years 14⅞ per cent; five years 14⅞ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅝ per cent, four months trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 12 29/32-12¾ per cent; two months 13 3/32 per cent; three months 13⅜ per cent. Approximate selling rate for one-month bank bill 12 29/32-12¾ per cent; two months 13¼-13⅜ per cent; three months 13 15/32 per cent; one-month trade bills 14 per cent; two months 13⅞ per cent and three months 13¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from August 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 13.5307 per cent.

MONEY RATES

NEW YORK	
Prime rate	20½
Fed. funds	19½-20
Treasury bills (13-week)	15.72
Treasury bills (26-week)	15.64
GERMANY	
Special Lombard	12.00
Overnight rate	11.70
One month	12.675
Three months	12.90
Six months	13.05
FRANCE	
Intervention rate	17.125
Overnight rate	17.50
One month	17.375
Three months	17.50
Six months	17.00
JAPAN	
Discount rate	6.25
Call (unconditional)	7.25
Bill discount (three-month)	7.53125

WORLD STOCK MARKETS

NEW YORK

[illegible]

Wall St above worst at 1pm

AFTER MONDAY'S sharp setback on interest rate worries, Wall Street eased afresh at the outset yesterday but had partially recovered by mid-session.

The Dow Jones Industrial Average, which fell 10 points the previous day, lost a further 2½ points before rallying to 928.65 at 1 pm for a net improvement of 1.30 on the overnight level. The NYSE All Common Index, however, was still 25 cents lower on balance at $76.03, after touching $75.90, while falls retained a two-to-one ratio lead over rises. Trading volume expanded to 34.31m shares from Monday's 1 pm figure of 28.77m.

Analysts said the market's sharp sell-off on Monday after the higher-than-expected rise in the money supply last week was probably spent, and investors are now holding back until they see what sort of change, if any, the Federal Reserve makes in monetary policy.

The market was also nervous about the meeting of the Federal Open Market Committee being held yesterday, and will watch the Fed's actions closely for the next few days for signs of any change in monetary policy.

Oil stocks were showing some strength amid speculation about the possible result of the Opec Ministers' meeting this week. **Texaco** put on ½ to $38½, **Exxon** ½ to $35, **Mobil** ½ to $31 and **Superior** ¾ to $43½.

Some energy issues, however, which gained recently on take-over rumours, lost ground. **Coastal** fell 1⅞ to $54½, **Texas International** ½ to $39½ and **Cities Service** 1½ to $64.

K Mart shed ½ to $19½ in active trading on reporting lower earnings. **J. C. Penney**, with sharply higher operating earnings, rose ½ to $31.

Gulf Oil led the actives list, off ¾ at $40½. Also active were **GTE**, down ½ to $29½, and **American Cyanamid** ½ easier at $28½.

Closing prices for North America were not available for this edition.

THE AMERICAN SE Market Value Index lost 3.07 to 370.50 at 1 pm. Volume 3.50m shares.

Canada

Golds made a firm showing, but most other sectors on Canadian markets were easier-inclined in fairly active early dealings. The Toronto Composite Index receded 9.8 more to 2,286.7 and Oil and Gas 25.5 to 4,977.8, but Golds rose 79.5 to 4,139.7.

Tokyo

The imposition of tighter margin trading curbs yesterday and the overnight fall on Wall Street caused most market favourites to retreat sharply yesterday. High-priced Light Electricals, together with some large-capital issues and Precision Instruments were hard hit, while a number of Motors, Pharmaceuticals, Synthetic Fibres and Oils also lost ground.

However, several Constructions, Foods, Real Estates, Textiles and Chemicals attracted "cheap" buying, and the overall market picture was rather mixed.

After both closing at all-time peaks on Monday, the Nikkei-Dow Jones Average receded 59.76 to 7,949.38 and the Tokyo SE index 4.80 to 599.12, but gains narrowly led declines on the First Market by 315 to 276. There was a fair turnover of 400m shares (380m).

Matsushita Electric lost Y70 to Y1,770, **Toyota Motor** Y30 to Y1,490, **Fuji Photo Film** Y60 to Y1,950, **Arabian Oil** Y60 to Y2,220, **Sony** Y190 to Y4,700, **Victor Japan** Y160 to Y3,870, **Nippon Steel** Y7 to Y218, **Canon** Y60 to Y1,780, **Hitachi** Y22 to Y865 and **Teikoku Oil** Y22 to Y758.

Germany

After starting on an easier note, the market picked up on selective foreign buying to finish mixed to higher on the day. The Commerzbank index registered an improvement of 2.8 at 733.1.

Brokers said mid-morning buying began as foreign investor interest in West German shares increased when the U.S. dollar began slipping in foreign exchange trading.

In higher Machine Manufacturers, **GHH** gained DM 3.50 to DM 236 after announcing on Monday that its sales rose 7.6 per cent in fiscal 1980-81.

Electricals concern **AEG** moved ahead DM 5 to DM 54, while **Dresdner Bank** put on DM 1 to DM 158 in mixed Banks. Interest in the two companies followed renewed rumours that Dresdner Bank may sell part of its interest in AEG to Electricals company **Standard Elektrik Lorenz**, which advanced DM 6.50 to DM 295.50.

Paris

A broad decline occurred in light trading, with the Indicateur de Tendance index slipping 1.2 to 96.7 and the CAC General index 1.1 to 92.7. Falls predominated over rises on the Bourse by more than three-to-one.

Operators said the market was influenced by the continued rise in French unemployment and expectations of a new oil price rise after the current OPEC meeting in Geneva.

All groups with the exception of Engineering and Chemical issues were marked down.

Hong Kong

With sentiment helped by a rise in the local currency against the U.S. dollar, news that Chase Manhattan Bank had lowered its broker loan rate, and easier Euro-dollar deposit rates, Hong Kong stock markets were in brighter mood yesterday in moderate trading.

Some discouraging results from the latest Government land auction in Hong Kong caused only a brief setback in share prices around mid-day.

The Hang Seng index picked up 17.27 to 1706.54, while turnover totalled HK$441.61m, an improvement from Monday's HK$326.47m.

Jardine Matheson stood out strongly among the Hongs, advancing 90 cents to HK$22.30. Brokers said there were rumours of **Hutchison Whampoa**, which is controlled by Li Ka-Shing, making a bid for Jardine, but most dismissed the story as "wild." Hutchison gained 10 cents to HK$22.80 and **Swire Pacific "A"** 30 cents to HK$16.60.

Investors also showed interest in Bank issues, where results coming soon are expected to be favourable, and Shippings, which take much of their income in the still strong U.S. currency. **HK Bank** put on 30 cents to HK$16.30.

Australia

Reflecting some nervousness awaiting the Federal Budget yesterday and also restrained by continued upward pressure on interest rates, markets spent a rather quiet session and finished on a mixed note.

However, overseas buyers continued to be attracted to some of the Oil and Gas issues. **Alliance Oil** put on 8 cents to A$1.60 on news of a gas flow of 154,000 cubic metres a day at the Merrimelia No 6 well, while **Bridge Oil** climbed 16 cents to A$6.60 on news that the Tirrawarra 14 well, also in the Copper Basin, had flowed gas at the rate of 208,500 cubic metres a day.

Hartogen Energy contrasted with a fall of 32 cents to A$7.48, while **Vamgas** shed 20 cents to A$13.80, **Petroleum Securities** 20 cents to A$7.00 and **Strata Oil** 15 cents to A$1.65.

Johannesburg

Gold shares put on a firm performance in response to an improvement in the Bullion price. After a fairly active trade gains ranged to 200 cents, as in **President Steyn**, at R42.50.

Other sectors also hardened with Diamond leader **De Beers** rising 20 cents to R9.12. **Impala** continued to feature in strong Platinums, advancing 50 cents to R10.10 for a two-day rise of 90 cents following the annual results.

Indices

NEW YORK —DOW JONES

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

CANADA

[illegible]

BELGIUM (continued)

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

HOLLAND

[illegible]

ITALY

[illegible]

NORWAY

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

Financial Rand US$0.84½ (Discount of 20%)

BRAZIL

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

COMMODITIES AND AGRICULTURE

Ghana 'will not default on cocoa'

ACCRA — Ghana's Cocoa Marketing Board is not in danger of defaulting on June-August contracts, despite continuing serious problems in shipping cocoa to ports, Mr Mumuni Bawumia, the Board's interim management committee chairman, said here.

The Board has not defaulted on any commitments, he said, adding: "There is no question of us doing so now." He admitted the Board was in serious danger of defaulting at the end of last week when empty port sheds delayed loading of 400 tonnes of cocoa.

But he said only one ship was involved and denied a Ghana News Agency report which said several ships were waiting to load Cocoa.

Mr Bawumia said the loading of the Black Star Line ship was completed on Sunday after *4,500 tonnes of cocoa* arrived at the port by rail. Stocks had also reached Ghana's two cocoa processing factories over the weekend to enable them to continue operating, he added.

● Cameroun will host a cocoa producers' alliance meeting in Douala in September, a marketing board official said.

Dates for the meeting are not yet fixed but it is most likely to take place in the second half of the month.

Reuter

Coconut product earnings drop

MANILA — The Philippines exported more coconut products in 1980 but earnings dipped as world prices for coconut oil, *copra and others continued to* go down, the United Coconut Association of the Philippines (Ucap), said in its annual report.

Coconut shipments last year totalled 1.71m tonnes, a 12 per cent increase over 1979 shipments of 1.53m, it said.

But coconut exports earned only $808m (£450m); about 19 per cent below 1979 earnings of $1bn, Ucap said.

Reuter

Argentine soya crop shortfall

WASHINGTON—The U.S. Agricultural Counsellor in Buenos Aires has lowered his estimate of Argentina's 1981 soyabean crop to 3.6m tonnes against the 3.8m tonnes forecast earlier.

Reuter

Limits on Thai tapioca opposed

BY OUR COMMODITIES STAFF

EEC ATTEMPTS to limit imports of tapioca from Thailand and some other countries are against the interests of producers and consumers of meat and should be opposed, according to a House of Lords committee.

Imported tapioca has, in recent years, been incorporated into EEC animal feed rations in place of home-grown cereals. In defence of its own cereal producers, the EEC Commission has sought a limit on Thai imports in return for financial and other aid to help diversify Thailand agriculture.

But the Lords' committee, in *a report published today says:* "The conflict involved between the interests of Community producers of cereals and of producers and consumers of meat should in present circumstances be resolved in favour of the latter."

The Select Committee on the European Communities notes that the proposed restriction on imports would not necessarily result in any Community *budgetary saving. And it says it* should not be assumed that there would be any corresponding increase in the use of Community-produced cereals.

The result of a restriction on tapioca (also known as manioc and cassava) imports might rather be to stimulate increased imports of other components of compound feedingstuffs, or of compelling resort to a widening series of restrictive measures, it warns.

In the latter event the committee says it foresees serious costs to the Community in the shape of compensation to, or retaliation by, major supplying countries such as the U.S., and further damage to its reputation as a trading partner.

While the proportion of cereals used in compound feedingstuffs, which represent the major cost in meat production, has been falling, Community production of feed-grains has risen to progressively higher levels, with consequent surpluses having to be exported at subsidised prices, the report notes.

The tapioca issue highlights the conflicting objectives which arise from the operation of the EEC's Common Agricultural Policy, it says.

Potato futures prices up again in London

BY OUR COMMODITIES STAFF

POTATO FUTURES prices rose again on the London market yesterday, in spite of Dutch growers denying reports of *damage to their crops.* The November position closed £2.00 up at £84.50 a tonne, following up Monday's sharp rise of £5.30.

Traders were somewhat at a loss yesterday to explain the sudden surge in values. Although UK plantings of pot*atoes have fallen short of target* this year for the first time for five years, the Potato Marketing Board is expecting a reasonable *crop, though much below last* year's outturn which provided a surplus of 550,000 tonnes over demand.

The Board's weekly market report issued yesterday says that adequate supplies continue to be available but are now moving closer in line with demand.

However, market prices this week are said to be somewhat lower and the Board is going ahead with its market support *scheme aimed at boosting* prices.

There have been some reports of blight and dry weather con*ditions, cutting the UK rop but* there has been no really serious overall setback. While some areas are expecting poor crops, *others are forecasting excellent* yields.

Turnover on the market yesterday jumped to 834 lots of 40 tonnes each. Support for the market since it was launched in June, 1980 (when prices were around £40 a tonne) has been surprisingly good. This basic trade support has in turn encouraged arbitrage with the Amsterdam market and participation by outside speculators looking for a repetition of the shortages in 1974 and 1975 when prices soared to record levels.

This boom was followed by several years of depression and it is thought that with reduced plantings the scene may be set for shortages to develop again.

Copper and lead values fall sharply

By John Edwards, Commodities Editor

LEAD and copper prices dropped sharply on the London Metal Exchange yesterday as the rise in the value of sterling against the dollar triggered off renewed profit-taking sales. The downtrend in lead was accelerated by further heavy selling from one producer-based source, and the cash price closed £35.25 down at £420 a tonne. The fall came in spite of an announcement by the Swedish producer Boliden, that it was *declaring force majeure on* lead shipments as a result of a furnace breakdown at its lead plant. It is forecast the *cutback in supplies will be* in force for eight weeks.

The trouble at Boliden follows problems at the AM and S (Europe) Avonmouth smelter last week, where lead and zinc production has been disrupted but zinc deliveries are continuing to be met from existing stocks. Against these two setbacks was confirmation that workers at Amax plants in Missouri had voted to *accept the labour contract* terms provisionally agreed last week and end their 11-week-old strike.

The fall in lead helped depress other base metal markets, notably copper and zinc. Copper cash wirebars lost £23 to £992.5 a tonne as stronger sterling brought out speculative selling. Cash zinc closed £8.5 lower at £511 a tonne, but both markets were firmer in late trading as sterling weakened again.

Exception to the general decline was tin where prices were boosted by strong influential buying. Defying the trend in sterling, cash tin gained £140 to £7,885 a tonne and the three months quotation was £154 up at £8,005.

This renewed support for the market suggests that the sources, which have forced prices higher in recent weeks, are still very much concerned with keeping values up even though the outlay involved would be increased considerably if the value of the pound rises still further. It is *claimed a few dealers hold* the bulk of LME warehouse stocks

U.S. mine production of copper *increased to 127,525 tonnes in* May from 124,636 tonnes in April, but was down from 129,000 tonnes in May last year, the U.S. Bureau of Mines reports.

INDONESIAN RUBBER

Tapping vast new potential

BY RICHARD COWPER IN NORTH SUMATRA

INDONESIA'S NATURAL rubber industry, badly hit by falling world market prices due to the recession in industrialised countries, is pushing ahead nevertheless with ambitious expansion schemes. It plans nearly to double the country's rubber production before the end of the decade.

While most industry experts regard the target of producing 1.9m tons of rubber by 1990 as far too ambitious, the Indonesian Government's plans are a welcome sign that after several decades of neglect it is now firmly committed to restoring rubber's position as the country's top non-oil commodity export.

Before 1940, Indonesia was the world's largest producer of rubber but after the Second World War it was rapidly overtaken by Malaysia which today produces around 1.6m tons a year compared to Indonesia's estimated output of about 1m tons.

The Indonesian plans, which the Government hopes will ultimately help restore the country's position as the world's top producer call for an investment of $4.5bn to open up over the next 10 years, some 500,000 hectares of new land and replant and rehabilitate some 40 per cent of the 2.4m hectares now reckoned to be under rubber.

The aim is to boost Indonesia's share of world production from about 25 per cent to 33 per cent by 1990. Last year, Indonesia, the world's second largest exporter of natural rubber, accounted for about 28 per cent of world trade, but by the end of the decade Jakarta hopes to push this up to 36 per cent.

To achieve this, production will have to grow at around 7 per cent per annum over the next 10 years in sharp contrast to the stagnation in output *which prevailed for much of the* 1970s.

Most experts, including those from the Government's Department of Estates who were originally asked to meet these targets by 1988, say the plans are far too ambitious. "If we can meet 50 to 60 per cent of our targets, we will be well satisfied," says one key official associated with the programme.

Given the constraints of lack *of management and skilled manpower* and the time-consuming task of building infrastructure and opening up new land, many *believe that an average annual* growth rate of around 4 per cent yielding production of between 1.4m to 1.5m tons by 1990 is a more realistic goal.

The main reason for the poor past performance of Indonesia's rubber industry has been the Government's neglect of the vital smallholder sector. Some 1.9m hectares, or nearly 80 per cent of the total area planted to rubber, is cultivated by smallholders who account for virtually 70 per cent of *Indonesia's total production.*

Yet ageing trees, poor inputs and plain bad management meant that last year average *smallholder productivity* was a mere 300 kilogrammes per hectare compared with well over 1,000 kilogrammes per hectare for the estate sector. While estimates vary, many believe that as much as 70 per cent of the country's smallholder rubber is produced from trees 30 or more years old.

The greatest gains therefore can be made by improving the productivity of smallholders. It is at this sector that the main thrust of the Government's new programme is aimed. Using existing Government estates, special *project management* units and World Bank assistance to spearhead a multifarious smallholder development programme, the Government has embarked on plans to replant or rehabilitate almost 1m hectares of smallholder rubber.

The World Bank alone is expected to spend about $800m *in 10 different projects involv*ing around 500,000 hectares over the next 10 years. Although the World Bank programme includes palm oil and other export crops as well, by far the largest portion will involve smallholder rubber.

At the same time, Indonesia is also planning to open up some 500,000 hectares of new land to rubber. Clearing large tracts of virgin forest in Riau, Jambi, Aceh and Kalimantan, is associated with a huge migration programme aimed at moving some 2.5m people off the overcrowded island of Java. North Sumatra's dominant role in the rubber industry is likely to be progressively reduced *over the coming decades.*

According to Bank of Indonesia statistics, Indonesia exported 976,000 tons of rubber last year or 1 per cent less than in 1979. Exports were worth $1.1bn, up 9 per cent on 1979. Falling demand and prices this *year—largely due to a slump* in the U.S. tyre industry—could well cut Indonesian rubber exports below 900,000 tons this *year. It seems quite possible* that, in terms of value, Indonesian exports could slip below the $1bn mark for the first time since 1978.

Frost also hit Brazil's sugar output

BY OUR COMMODITIES STAFF

BRAZIL'S Sugar and Alcohol Institute (IAA) estimates the losses to the Brazil sugar crop from last month's freezing *weather in Sao Paulo, Parana* and Southern Minas Gerais States at 500,000 to 550,000 tonnes for the 1981-82 harvest and at 1m to 1.2m tonnes for the 1982-83 harvest Sr Hugo de Almeida, the institute's president, told a Press conference yesterday in Rio de Janeiro.

However, in Warsaw, Poland's sugar beet crop was expected to exceed 15m tonnes, or about 5m tonnes more than last year's disastrous crop. This was reported by the Warsaw daily Zycie Warszawy.

The paper said the average beet root weighed 300 grams compared with 200 grams at the same time last year. Sugar yield was 11 per cent against 9.6 per cent in 1980.

*Last year, Poland, a tradi*tional sugar exporter, had to import to make up for reduced domestic production. The 1979 *beet crop was 14.2m tonnes.*

Reuter

In Australia, fine harvest weather and resumed normal working after an industrial dispute have allowed Queensland sugar mills to crush near record tonnages recently, according to the Australian Sugar Producers' Association (ASPA).

About 20 per cent of the crop had been crushed by August 15 compared with 30 per cent at the same stage last year, Mr Gerry Murray, ASPA assistant general secretary, stated.

Continuing good weather and overtime working should enable Queensland mills to recover much of the ground lost by the dispute, which at one *stage made it seem unlikely the entire* crop could be crushed this season.

The dispute over a wage *award by the Queensland Arbi*tration Commission led to rolling strikes and overtime bans in most of the State's 30 mills.

Mr Murray also said most mill areas are reporting an improvement in sugar content as the season progresses.

He said Queensland mills had crushed 5.39m tonnes of cane out of a total estimated crop of 24.87m tonnes, while the three New South Wales mills had crushed 172,923 tonnes, or 11.16 per cent of the estimated crop there.

This would give a total crop of 26.4m tonnes of cane, exceeding last year's record 24.05m tonnes which produced 3.33m tonnes of sugar.

Reuter

Indonesia rice record forecast

JAKARTA — President Suharto of Indonesia said 1981 rice production could rise to 21.6m tonnes, a record harvest.

He told parliament that economic growth in 1980 was *caused primarily by the* "very high growth of the production of foodstuffs and the equally rapid growth of the industrial sector."

Last year's rice production had been 20.2m tonnes, 13.3 per cent up on the 1979 figure and *the highest annual increase in* the country's history.

The president said, however that Indonesia would still import *in order to boost its* national rice reserve stockpile, standing at present at about 2.5m tonnes.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL PRICES came under heavy selling pressure on the London *Metal Exchange as the rise in sterling* encouraged sizeable general liquidation. Copper fell to £1,024 before closing at £1,025.5, Lead dropped to £415 but rallied strongly to finish at £430. *Zinc closed at £530, after* £520: Aluminium at £710.5, after extremes of £712 and £701 and Nickel at £3,315 after £3,275. Tin was heavily supported in early trading and held around £7,850: afternoon dealings saw the emergence of renewed influential demand which lifted three months to a close of £8,020.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	994.5-5	—28	992-3	—23
3 months	1025.-6	—29.25	1024-.5	—21.25
Settlem't	995	—28	—	......
Cathodes				
Cash	993-.5	—31.25	990-2	—23
3 months	1018-.5	—29.25	1015-16.5	—22.5
Settlem't	993.5	—31.5	—	......
U.S. Prod	—		*80-5	......

Amalgamated Metal Trading reported that in the morning copper cash wirebars traded at £994, 93.5, 94, 94.5, three months £1,022, 23, 24.5, 25, 24.5, 24, 24.5, 25, 25.5, 25, 25.5. Cathodes, cash £994, three months £1,020, 18. Kerb: Wirebars, three months £1,027, 28, 27.5, 28, 29, 28.5, 29, 30. Afternoon: Wirebars, three months £1,026, 27, 26, 25, 25.5, 25, 24.5, 24, 26.5, 26, 25, 24: Cathodes, three months £1,017. Kerb: Wirebars, three months £1,025.5, 25, 24.5, 25, 25.5, 25. Turnover: 21,426 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7765-75	+2.5	7880-90	+148
3 months	7890-900	+27.5	8000-10	+154
Settlem't	7775	+5	—	......
Standard				
Cash	7765-75	—2.5	7880-90	+148
3 months	7890-900	+27.5	8000-10	+154
Settlem't	7775	+5	—	......
Straits E.	£33.45	+0.05		......
New York	—	......		

Tin—Morning: Standard, cash £7,750, 60, 70, three months £7,870, 80, 75, 70, 71, 75, 80, 90. Kerb: Standard, *three months £7,900, 10, 20. Afternoon:* Standard, three months £7,950, 45, 40, 45, 50, 65, 70, 90, 8,000, 7,995, 90, 95, 8,000, 7,990, 8,000, 8,010. Kerb: Standard, three months £7,980, 8,000, 20, 30, 20, 10, 15, 20, 25. *Turnover:* 1,985 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	433-4	—32.25	419-21	—35.25
3 months	432.5-3	—31.5	419-20	—34.25
Settlem't	434	—32		......
U.S. Spot	—	......	*41	......

Lead—Morning: Cash £435, 33, three months £436, 27, 36, 35.5, 35, 36, 35.5, 36, 35, 34, 32, 31, 33, 34, 33, 32.5. Kerb: Three months £433, 32, 31, 30, 29, 25, 26, 28, 29, 30, 29. Afternoon: Three months £428, 27, 27.5, 28, 29, 28, 27, 26, 25, 24, 23, 21, 20, 19, 18, 17, 15, 16, 15, 14, 15, 18, 19. Kerb: Three months £425, 26, 27, 26, 25, 26, 27, 26, 26.5, 26, 27, 26, 28, 29, 28, 29, 30. *Turnover: 25,225 tonnes.*

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	509.5-10.5	—16	510.5-11.5	—8.5
3 months	525-6	—15.5	525.5-6	—7.75
S'ment	510.5	—16	—	......
Primw'ts	—	—	*46.5-9.75	......

Zinc—Morning: Cash £510, three months £528, 27, 27.5, 27, 26.5, 27, 27.5, 25, 24, 23, 24, 23.5, 24.5, 25. Kerb: Three months £524, 25, 26. Afternoon: Three months £528, 27.5, 27, 26, 27, 21, 22, 24, 26, 28, 26.5, 26. Kerb: Three months £526, 27, 26, 28, 29, 30 Turnover: 9,400 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	684-5	—15.5	686-7	—6.5
3 months	708.5-9	—15.5	711.5-2	—6.25

Aluminium—Morning: Three months £706, 7, 8, 8.5. Kerb: Three months £708, 7.5. Afternoon. Three months £710, 11, 12, 11.5, 12, 11, 11.5. Kerb. *Three months £711, 12, 11. Turnover:* 5,975 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3235-50	—117	3255-65	—55
3 months	3280-5	—108	3310-5	—52.5

Nickel — Morning: Three months £3,280, 75, 80, 85, 80. Afternoon: Three months £3,300, 10, 05, 10, 15, 10. Kerb: Three months £3,300, 05, 10. Turnover: 528 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 13.15p an ounce higher for spot delivery in the London bullion market yesterday at 509.85p. U.S. equivalents of the fixing levels were: spot $9.4250, up 45.5; three-month $9.8490, up 45.9c; six-month $10.2840, up 46.4c; and 12-month $11.0320, up 47c. The metal opened at 505½-510½p ($9.30-9.40) and closed at 507-512p ($9.30-9.40).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	509.85p	+13.1	507.5p	+8.5
3 months	526.95p	+13.3	524.5p	+8.0
6 months	544.70p	+13.1	—	......
12 months	577.20p	+16.1	—	......

LME — Turnover 105 (63) lots of 10,000 ozs. Morning, three months 526, 32, 35, 38, 35, 34, 33, 32.5. Kerb: Three months 534, 37, 36, 35. Afternoon: Three months 526, 27, 28, 26, 25, 24. Kerb: Three months 525.

COCOA

Futures eased further due to the continued strength of sterling which prompted long liquidation and arbitrage selling. Actuals business remained in the doldrums, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Sept	1204-07	—21.0	1220-00
Dec	1236-37	—19.0	1251-33
March	1254-55	—21.5	1267-51
May	1260-65	—17.5	1271-57
July	1265-68	—15.5	1285-62
Sept	1273-78	—15.5	1285-73
Dec	1285-95	—19.0	1280

Sales: 2,407 (2,565) lots of 10 tonnes.

ICCO Indicator prices for Aug 17: 104.22 (98.36); five-day average 101.41 (100.82).

COFFEE

An easier New York close combined with a steadier sterling produced a lower opening among a quiet call, report Drexel Burnham Lambert. After a short-lived recovery a disappointing New York performance depressed values.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	1040-43	—13.5	1059-30
Nov	1035-40	—18.0	1058-29
Jan	1032-35	—18.0	1050-28
March	1030-35	—22.5	1051-25
May	1030-35	—20.0	1058-56
July	1049-50	—15.5	1050
Sept	1030-70	—17.0	—

Sales: 3,447 (2,571) lots of 5 tonnes.

ICO indicator prices for Aug 17 (U.S. cents per pound): Comp. daily 1979 113.25 (113.84); 20-day average 113.48 (112.84).

GRAINS

Wheat and barley opened slightly lower. Shipper liquidation on wheat *was met by country buying which* stedied the market. Buying interest from commercial sources on September again dominated barley, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Sep...	104.65	+0.60	98.15	—0.70
Nov...	108.30	+0.35	101.70	—0.55
Jan...	112.50	+0.35	105.65	—0.60
Mar..	116.35	—0.55	109.40	—0.65
May..	120.00	+0.40	112.90	—0.60
July..	123.65	+0.45	—	..

Business done—Wheat: Sept 104.65-103.70, Nov 108.35-107.60, Jan 112.45-111.90, March 116.25-115.80, May 120.00-119.35, July no trades. Sales: 313 lots of 100 tonnes. Barley: Sept 98.15-97.45, Nov 101.70-101.05, Jan 105.70-105.05, March 109.25 one trade, May 112.90-112.45. Sales, 287 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Aug 112.75, *Sept 111.25, Oct 112.50 trans*shipment East Coast. U.S. Hard Winter 13½ per cent Sept 119.25 transhipment East Coast. English Feed fob Sept 106 seller East Coast. Maize: French Aug 125 transhipment East Coast. S African Yellow Sept/Oct 91.50. Barley: English Feed fob Sept 102.50 paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S East 94.00, S West 91.00, W Mids 93.00, † West 94.00. The UK Monetary Coefficient for the week beginning Monday August 24 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

GAS OIL FUTURES

Currencies were again a major influence with the market opening steady on the stronger Deutschemark and firmer physical prices. As the dollar strengthened prices eased off, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
August	298.75	—2.75	299.00-98.50
September	305.25	—	305.00-03.00
October	307.75	+0.25	309.25-06.75
November	310.50	—0.50	312.25-11.25
December	313.50	—	315.00-13.00
January	315.50	—0.50	316.00-15.50
February	317.25	—0.75	—
March	319.75	—0.25	—
April	323.75	+0.50	—

Turnover: 513 (520) lots of 100 tonnes.

RUBBER

The London physical market opened unchanged, with fair interest throughout the day, closing uncertain. Lewis *and Peat reported a fob Sept price for* No 1 RSS in Kuala Lumpur of 251.25 (251.5) cents a kg and SMR 20 208.0 (210.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Sept	61.50-62.00	60.70-61.50	—
Oct.	61.90-62.50	61.50-62.00	..
Oct-Dec	62.60-62.70	62.40-62.50	62.80-61.90
Jan-Mar	65.60-65.70	65.40-65.50	66.00-64.80
Apl-Jne	68.70-68.80	68.50-68.70	69.00-68.10
Jly-Sept	71.80-71.90	71.60-71.90	—
Oct-Dec	74.90-75.00	74.70-74.90	74.70
Jan-Mar	77.90-78.00	77.80-77.90	78.10-78.00
Apl-Jne	81.00-81.20	80.90-81.00	81.30-81.00

Sales: 621 (352) lots of 15 tonnes, nil (nil) lots of 5 tonnes. Physical closing prices (buyers) were: Spot 59.25p (50.50p), Sept 58.75p (same) Oct 59.75p (same).

POTATOES

LONDON POTATO FUTURES—The market's strength continued, opening steady and hitting stop-loss buying. Profit-taking moved values before late buying provided a steady close, reports Coley and Harper. Closing prices: Nov 84.50, +2.00 (high 86.00, low 84.00) Feb 110.70, +4.70 (high 112.50, low 109.00): April 127.50, +3.50 (high 129.00, low 125.00). Turnover, 834 (649) lots of 40 tonnes.

SOYABEAN MEAL

The market opened with losses on stronger sterling, reports T. G. Roddick. Prices drifted lower before *light commercial support lifted prices.*

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	—	—	142.00
October	138.00-38.5	—0.95	137.50-35.50
December	136.60-37.2	—1.10	139.00-36.40
February	139.50-39.8	—1.95	139.70-39.00
April	141.00-43.5	—1.15	—
June	142.00-45.5	—1.75	—
August	142.00-47.5	1.25	—

Sales: 117 (33) lots of 100 tonnes

SUGAR

LONDON DAILY PRICE—Raw sugar £205.00 (£210.00) a tonne cif Aug-Sept-Oct shipments. White sugar daily price £215.00 (£218.00).

Opening prices were lower following the improvement of sterling against the dollar. Thereafter quotations showed little change in quiet trading conditions, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Oct	206.25-05.50	206.55-05.50	208.00-05.50
Jan	201.75-02.00	201.10-01.50	202.25-00.50
March	205.95-04.20	205.75-05.80	205.75-02.00
May	206.50-06.75	206.00-06.20	207.50-04.50
Aug	209.00-09.75	208.50-09.75	207.50
Oct	211.25-12.60	210.50-11.50	211.50-10.00
Jan	211.50-15.00	210.50-12.00	211.50

Sales: 236 (3,567) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £360.4 (same) a tonne for home trade and £312.0 (£318.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Carribean ports. Prices for Aug 17: Daily price 15.20 (15.46): 15-day average 16.03 (16.13).

COTTON

Liverpool—Spot and shipment sales amounted to 119 tonnes. In relatively quiet dealings a modest offtake occurred but users showed more apprehension due to the persistent decline in prices. African styles pro*vided the bulk of the demand, but* scattered operations took place in certain specialist Middle Eastern qualities.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order, buyer seller business). Australian cents per kilo. Oct 500.5, 501.0, 501.5-500.0. Dec 510.5, 511.0, 511.0-510.0. March 522.7, 522.5, 522.5-521.9; May 527.5, 528.5, 529.0-528.5; July 535.0, 536.0, 537.0-536.5; Oct 523.9, 53.0, untraded; Dec 534.1, 536.0, 536.0. Sales: 149.

*LONDON NEW ZEALAND CROSS*BREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Oct 398, 401, nil; Dec 403, 405, 404; Jan 405, 407, 406; March 415, 416, 417-416; May 424, 426, 425; Aug 433, 436, 434; Oct 438, 40, 439-438; Dec 438, 442, 439; Jan 440, 44, nil. Sales: 29.

GRIMSBY FISH — Supply fair, demand good. Prices at ship's side (unprocessed) per stone. Shell cod £5.00-£5.60, codlings £2.50-£3.60. Large haddock £4.00-£5.00, medium £2.90-£3.80, *small £2.50-£3.20. Large plaice* £4.00-£5.20, medium £3.60-£4.80, best small £3.00-£4.20. Skinned dogfish (medium) £4.50-£6.50. Lemon soles (large) £8.00, (medium) £7.00. Rockfish £2.50. Reds £2.50. Saithe £2.20-£2.50.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: *Scotch killed sides 72.0 to 76.0;* Ulster hindquarters 73.0 to 8.0. Veal: Dutch hinds and ends 114.0 to 120.0. Lamb: English small 46.0 to 56.0, medium 48.0 to 54.0. Imported frozen: New Zealand PL 56.0 to 57.0, PM 54.0 to 55.0. Pork: English, under 100 lbs 32.0 to 51.0, 100-120 lbs 38.0 to 50.0, 120-160 lbs 36.0 to 49.0.

MEAT COMMISSION—Average Fatstock prices at representative markets on August 18. GB—Cattle 86.12p per kg lw (—0.22). UK—Sheep 114.24p *per kg est dcw (—5.99)*. *GB—Pigs* 66.38p per kg lw (+0.04).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Outspan: Navelates 48 5.30, 56 6.20, 72 6.25, 88 5.55, 112 5.00, 138 4.90, 150 4.00. S. Moroccan: 72/113 6.50-7.00. Lemons—Spania: boxes 5.00-6.50, trays 25/50 2.00-2.80; Outspan: 80/155 5.50-7.00. Italian: 100/120 5.00. Grapefruit—Outspan: 27 4.20, 32 4.65, 36 5.00, 40 5.30, 48 5.00, 56 4.40, 64 4.10, 72 3.30; Argentinian: all sizes 3.60-4.00. Apples—South African: Granny Smith 6.00-6.50, Golden Delicious 4.60-5.00, York 3.50-5.00; Tasmanian: Sturmer Pippin 4.00, Golden Delicious 4.00, Democrat 4.50. U.S.: Red Delicious 11.00-12.00. Spanish: New crop Golden Delicious 20 lb 2.20-2.50, 40 lb 4.60-5.00. Pears—French: per pound Williams' 0.10-0.16; Italian: per pound 0.11-0.16. Nectarines—Italian: large trays A-C 2.00-3.80.

English Produce: Potatoes—per 56 lb white 2.00-2.60, red 2.40-2.80, King Edwards 2.80-3.00. Mushrooms—per pound, open 0.50, closed 0.60. Apples—per pound Bramley 0.14-0.18, Grenadier 0.10, Howgate 0.14, Discovery 0.10-0.20, George Cave 0.10-0.12, Miller 0.07-0.10. Cauliflowers—per 12 Lincoln 1.00-1.50. Cabbages—per bag Primo 20 lb 1.00-1.50. Lettuces—per 12, round 1.00-1.60, Cos 10/12 1.80-2.00. *Tomatoes—per 12 lb.* D 1.50, E 1.40. Radishes—per pack of 12 x 8 oz 1.50, bunches of 15 1.50. Onions—per tray x 20 bunches spring 2.00, 55 lb 40/60mm 2.00-3.00. Celery—per 12/24 winter crop 3.50. Cucumbers—per 10/20 1.40-1.80. Carrots—per 26/28 lb 0.60-1.20. Strawberries—per ½ lb 0.40-0.50. Raspberries—per ½ lb 0.40-0.50. Beetroots—per 28 lb 1.50-1.80. Marrows—per box 0.50-1.00. Fennel—per 11 lb 2.00. Parsnips—per pound 0.10-0.12. Stick beans—per pound 0.10-0.15. Ground beans—per pound 0.10-0.12.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 18 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1245/1275	+15	$1180/190
Copper			
Cash w'bar	£992.5	—23	£900.5
3 mths	£1024.25	—21.25	£926.5
Cash Cathode	£991	—23	£894
3 mths	£1015.75	—29.5	£916.25
Gold troy oz.	$419.5	+7.5	$407
Lead Cash	£420	—35.25	£427.5
3 mths	£419.5	—34.75	£427.75
Nickel	£4067.3	......	£3,850.50
Free mkt	275/295c	......	275/295c
Platin'mtr y oz	£260	......	£247
Free mkt	£239.40	—1.75	£220.05
Quicksilver	$425/455	—3	$428/433
Silver troy oz	509.85p	+13.15	462.55p
3 mths	526.95p	+13.35	474.15p
Tin Cash	£7885	+140	£7,470
3 mths	£8005	+154	£7,442.5
Tungsten 22.0 lb	$144.57	......	$143.64
Wolfrm 22.04lbs	$142/148	......	$149/152
Zinc Cash	£511.0	—8.5	£465
3 mths	£525.75	—7.75	£474.25
Producers	$925/1000	......	$925
Oils			
Coconut (Phil)	$565y	+5	$585
Groundnut	‡	......	‡
Linseed Crude	£450	......	£452
Palm Malayan	$530z	......	$570
Seeds			
Copra Philip.	$365	+5	$370
Soyabean (U.S.)	‡	......	$266
Grains			
Barley Fut. Nov	£101.70	—0.55	£102.60
Maize	£125	—0.5	£128
Wheat Fut. Nov	£108.30	+0.35	£108.20
No2 Hard Wint	£119.25x	—3.75	£115.75
Other commodities			
Cocoa ship't *	£1241	—22	£1,161
Future Dec.	£1236.5	—19	£1,120.5
Coffee Ft' Nov.	£1038	—18	£1,146.5
Cotton A.Index	81.20c	—0.35	85.85c
Gas Oil Sept.	$303.25	+0.25	$297.75
Rubber (kilo)	59.25p	—0.25	59p
Sugar (Raw)	£205y	—5	£214
Wool't ps 64s kl.	400p kilo	......	387p kilo

‡ Unquoted. z Oct. y Aug-Sept. x Sept. † Per 76-lb flask. * Ghana cocoa. n Nominal

AMERICAN MARKETS

NEW YORK, August 18

PRECIOUS metals rallied on reports of price unification by Opec countries. Cotton declined sharply on further good progress of the U.S. crop. Coffee was limit down just ahead of the USDA crop production estimate. Sugar rallied moderately on sale of 2 cargoes of white to Iran. Heating oil dropped off sharply on profit-taking, reported Heinold.

Copper—Aug 82.80 (83.50), Sept 83.20-83.40 (84.05), Oct 84.70, Dec 87.40-87.65, Jan 88.75, March 91.20, May 93.40, July 95.20-95.60, Sept 97.90, Dec 101.10, Jan 102.15, *March* 104.20, May 106.49.

*Gold—Aug 436.0-437.0 (412.8), Sept 438.3 (416.31), Oct 443.0-446.0, Dec 454.0-456.5, Feb 467.5-468.0, April 478.4, June 489.0-489.5, Aug 501.7, Oct 513.0, Dec 526.8, Feb 538.4, April 550.9, June 563.4. Sales 45,000.

*Platinum—Aug 445.0 (426.9), Sept nil (nil), Oct 456.0 (458.0), Jan 471.5-474.0, April 487.0-488.0, July 503.0, Oct 519.0. Sales: 3,100.

Potatoes (round whites)—Nov 75.0 (75.7), Feb 84.0-85.0 (85.5), March 89.5, April 105.0-105.7. Sales: 857.

¶Silver—Aug 944.5 (916.0), Sept 947.0-950.0 (922.0), Oct 965.5, Dec 990.0-995.0, Jan 1,008.0, March 1,025-1,040.0, May 1,062.6, July 1,090.0, Sept 1,117.2, Dec 1,157.2, Jan 1,170.7, March 1,197.7, May 1,224.7. Handy and Harman bullion spot: 920.00 (907.00). Sales: 6,000.

Sugar—No 11: Sept 15.42-15.45 (15.28), Oct 15.53-15.54 (15.32), Jan 15.45-15.50, March 15.80-15.81, May 15.98-16.00, July 16.20-16.22, Sept 16.40, Oct 16.55. Sales: 7,265.

Tin—666.00-672.00 (644.00-665.00)

CHICAGO, Aug 18.

Lard—Chicago loose 21.00 (same)

Live Cattle—Aug 68.00-67.95 (67.65), Oct 65.25-65.20 (65.20), Dec 65.90-65.92, Feb 65.40-65.30, April 65.20-65.25, June 65.80, Aug 66.70.

Live Hogs—Aug 52.70 (52.45), Oct 50.20-51.10 (50.92), Dec 53.25-53.45, Feb 54.20-53.90, April 52.07-52.10, June 54.37, July 54.35, Aug 53.50, Oct 50.92.

‡‡Maize—Sept 309½-309 (313), Dec 311½-312 (316½), March 327-327½, May 341-341½, July 349-349, Sept 354.

Pork Bellies—Aug 56.40-55.25 (54.92), Feb 67.20-67.00 (66.80), March 67.40-67.30, May 68.45, July 69.45, Aug 68.10.

†Soyabeans—Aug 687 (656½), Sept 685-680½ (690), Nov 692½-700, Jan 718½-720, March 740½-741, May 762, July 781½-782, Aug 787-788.

¶Soyabean Meal—Aug 197.5 (197.3), Sept 196.5-196.8 (196.7), Oct 197.0-197.2, Dec 200.6-200.8, Jan 206.0, March 212.5-213.0, May 217.5-218.0, June 224.0, Aug 225.5-226.0.

Soyabean Oil—Aug 21.11-21.17 (21.40), Sept 21.31-21.32 (21.54), Oct 21.80, Dec 22.63-22.65, Jan 22.9, March 23.80-23.85, May 24.45-24.50, July 25.10, Aug 25.15-25.20.

††Wheat—Sept 404½-404 (405½), Dec 427½-428½ (436½), March 459-459½, May 473-471½, July 474½-474½.

WINNIPEG, August 18

§Barley—Oct 127.90 (133.90), Dec 127.90 (133.70), March 134.80, May 136.90.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 243.53 (245.95).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

††Cocoa—Sept 2005 (1999), Dec 2143 (2132), March 2225, May 2255, July 2275, Sept 2296, Dec 2315. Sales: 1090.

Coffee—"C" Contract: Sept 122.50-122.90 (122.29), Dec 117.65-117.90 (117.01), March 117.10-117.25, May 117.25-117.75, July 118.10-118.25, Sept 118.50-118.70, Dec 118.10-118.25. Sales: 1,406.

Cotton—No. 2: Oct 68.40 (69.37), Dec 69.90-69.85 (70.80), March 72.10, May 73.90-74.00, July 75.60-75.80, Oct 77.75-78.25, Dec 78.20. Sales: 5,000.

Heating oil (cents per U.S. gallon)—Sept 0.9592 (0.9558), Oct 0.9765 (0.9725), Nov 0.9925, Dec 1.0125, Jan 1.0288, Feb 1.0461, March 1.0565, April 1.0626, May 1.0695, June 1.0715, July 1.0750, Aug 1.0900, Sept 1.1025, Oct 1.1125. Turnover 5,424.

Orange Juice—Sept 126.60-126.80 (126.80), Nov 121.25-131.40 (131.95), Jan 125.60, March 137.85-138.20, May 140.10-140.40, July 142.35-142.70, Sept 144.60-144.90, Nov 146.85-147.25. Sales: 1,700.

CHICAGO, August 17

Chicago Imm Gold—Sept 416.5-416.0 (413.7), Dec 432.5-432.7 (430.3), March 449.7, June 466.8, Sept 482.8, Dec 501.1, *March 518.6, June 536.3.*

WINNIPEG, Aug 17

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 245.95.

EUROPEAN MARKETS

ROTTERDAM, August 18.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent, Aug 198, Sept 202, Oct 207, Nov 210. U.S. No Two Red Winter Aug 164, Sept 167. U.S. No Three Amber Durum mid-Aug/mid-Sept 186, Sept 187, Oct 192, Nov 196. U.S. No Two Northern Spring 14 per cent Aug 187, Sept 187, Oct 193, Nov 196.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow Aug 146-148, Sept 147 traded afloat 151, Aug 149, Sept 145.50, *Oct 145.50, Nov 146.50*, Dec 149.50, Jan-March 153, April/June 165 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Jan 235.40 paid, rest unquoted.

Soyameal—(U.S. $ per tonne): 44 per cent protein afloat 242.50-245, Aug 242-243, Sept 241.50-242, Oct 242.50-243-242.50 traded afloat 245, Aug 244, Sept/Oct 242.50, Nov/March 253 sellers. Brazil Pellets afloat 255, mid-Aug/mid-Sept 247 traded afloat 255, Aug 247, mid-Aug/mid-Sept 248, Sept 248, Oct 252, Nov/March 269 sellers. Argentine Pellets mid-Aug/mid-Sept 243 sellers.

PARIS, August 18

Cocoa—(FFr per 100 kilos): Sept 1260-1370, Dec 1290 limit down asked, March 1380-1400, May 1390-1410, July 1392-1415, Sept 1425-1465, Dec 1445-1495. Sales at call: Nil.

INDICES

FINANCIAL TIMES

Aug. 17	Aug. 14	Month ago	Year ago
268.85	269.42	263.03	272.72

(Base: July 1, 1952=100).

MOODY'S

Aug. 17	Aug. 14	Month ago	Year ago
1066.3	1069.3	1063.4	1237.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 17	Aug. 14	Month ago	Year ago
Spot	375.10	375.12	376.98	445.55
Fut'rs	383.28	385.01	384.28	460.76

(Average 1924-25-26=100)

REUTERS

Aug. 18	Aug. 17	M'nth ago	Year ago
1724.1	1742.1	1704.2	1725.2

(Base: September 18, 1931=100)

U.S. and domestic influences cool enthusiasm
Equity index ends 5.8 down at day's low of 567.1

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
July 27	Aug 6	Aug 7	Aug 17
Aug 10	Aug 26	Aug 27	Sept 7
Aug 28	Sept 10	Sept 11	Sept 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

Revived uncertainties about U.S. interest rates following the sharp overnight rise in Federal funds rates blunted investment enthusiasm in London stock markets yesterday. Potential investors were also deterred by reports on a hardening of attitudes in the rail dispute and on the damaging effects of a strike on the economy. Leading shares consequently opened a shade easier and went lower still on a combination of loose selling and renewed profit-taking.

Institutional initiative was not entirely cooled, however, and the commitment of modest funds to popular Electricals such as GEC, Plessey and Thorn EMI touched off a recovery which soon spread to other leaders. Sterling's late morning rise against the dollar was also a helpful influence, but the effects wore off as the exchange rate returned to only a shade over its overnight level.

Hopes that Unilever's impressive second-half results, announced shortly after noon, would give added momentum to the rally were fulfilled, but the tone turned distinctly easier again late in the session. This followed reports, confirmed after-hours, that the miners have pledged support for the rail-workers. The result was that the FT Industrial Ordinary share index, only 0.7 lower at 2 pm, closed 5.8 down at the day's worst of 567.1. The FT-Actuaries All-share index shed 0.6 per cent to 336.60, with only Food Manufacturers and Shippings moving appreciably against the trend.

The wide fluctuations in the pound were watched closely by the Gilt-edged market. Longer-dated stocks edged higher, often by ¼, as sterling improved but reverted to overnight list levels by the close and the shorts, which had failed to participate in the early improvement, slipped an ⅛. Switching to Treasury 5 per cent 1986/89 from Transport 3 per cent 1978/88 lowered the latter ¼ in a thin market to 64.

Demand for Traded options declined once more, although selected series still attracted a useful business. Total contracts amounted to 1,669, well below Monday's 2,127 and last week's daily average of 1,968. Active trading in the underlying shares was reflected in Grand Metropolitan positions which recorded 339 calls and 74 puts. Marks and Spencer attracted 230 calls with the October 140's again leading the demand, accounting for 166 deals. Racal and RTZ recorded 197 and 171 calls respectively.

Provident rejects bid

The Board's strong rejection of Winterthur's cash bid of 320p per share prompted a further gain of 8 in Provident Life, making a two-day leap of 122p to 338p, after 340p. Elsewhere, conditions in other Life companies became much calmer after the previous day's surge of speculative activity caused by the bid and quotations drifted gently lower on sporadic profit-taking and lack of fresh support.

Among Composites, Royals gave up 7 to 410p following comment on the first-half results. London United dipped 8 to 210p and Commercial Union eased 2 to 166p. Lloyds Brokers were featured by a fall of 12 to 380p in Willis Faber; the interim figures are due shortly.

The major clearing banks drifted down on lack of interest. Barclays lost 8 to 462p as did NatWest, to 400p.

An attempted rally in Breweries failed to gain impetus and the leaders finished with modest falls. Bass touched 237p but closed a net penny lower at 234p, while Whitbread shed a couple of pence at 183p. Grand Metropolitan were reasonably active and finished a penny cheaper on balance at 218p, after 221p. Among Wines and Spirits, Distillers also lacked support and declined 4 to 216p, but vague rumours of a bid in the offing from Arthur Bell lifted Macdonald-Martin A 30 to 460p; Macallan-Glenlivet firmed 10 to 485p in sympathy.

The majority of movements in the Building sector were limited to a few pence either way. Among the firm spots, SGB hardened 2 to 156p, while occasional demand lifted Feb International 3 to 80p and Francis Parker 2½ to 26½. Costain, in contrast, met selling and gave up 4 to 238p, while D. Crouch also came on offer and shed 3 to 190p. Dealings in Hoveringham were suspended at 89p and the Restricted Voting shares at 77p; the company announced yesterday that it is seeking offers for the whole of the Ordinary share capital.

ICI fluctuated narrowly before settling without alteration at 288p. Blagden and Noakes improved 4 to 108p, while Wostenholme gained 10 to 115p in a limited market.

Stores drift

Stores hovered around the opening levels for much of the session before scattered selling after the official close left most at the day's lowest. Gussies A dipped 6 to 472p, while Debenhams gave up 3 at 92p and UDS, 82p, and Raybeck, 45p, both shed 2. Sumrie Clothes provided a rare firm feature, rising 5 to 51p on renewed speculative demand; Mr Harvey Michael Ross controls some 24 per cent of the company.

Easier at the start, leading electricals rallied on the appearance of buyers before easing off in the after-hours' dealings to close little changed on balance. GEC touched extremes of 792p and 805p before settling a shade better on the day at 798p, while Plessey finished without alteration 390p. Elsewhere, renewed demand left Bowthorpe up 9 more at 260p, while Rediffusion continued firmly and edged up 3 further to 223p. Lec Refrigeration, on the other hand, reacted 4 to 220p and Scan Data 5 to 160p, while Wholesale Fittings, following the preliminary figures, gave up 6 to 258p.

Leading Engineers turned distinctly easier in the late dealings, with GKN, 170p, and Tubes, 148p, both finishing 6 down on the day. Among the scattered movements in secondary issues, APV turned reactionary and fell 10 to 250p, while Davies and Metcalfe A, a good market of late on the interim results, met occasional profit-taking and gave up 3 to 45p. Westland became an unsettled market, touching 115p before ending 3 down at 118p, following news of the grounding of the remaining Wessex helicopters of the Bristow fleet. In contrast, sporadic demand lifted Newman Tonks 4 to 54p and Camford 1½ to 23p. Laird Group were quoted ex rights at 129½p, the new nil-paid shares opening at 15p premium and moving ahead to close at 20p premium.

Tate and Lyle drew strength from a favourable Press mention and improved 6 to 176p. Other Food majors failed to attract any appreciable support and movements were insignificant although gains of 3 were recorded in Unigate, 101p, and Bejam, 143p. Meat Trade Suppliers, 4 up at 94p in front of the announcement, held that level despite the slightly reduced annual profits. Squirrel Horn gained the turn to 29p awaiting today's half-timer, while Sempertex, annual results due later this month, hardened a fraction to £10¼. Renewed fears of French competition unsettled turkey farmers Bernard Matthews, 5 lower for a two-day fall of 10 at 130p.

Unilever pleases

Well supported of late, Unilever took a further turn for the better, jumping 25 to 650p, after 652p, in response to the better-than-expected second-quarter profits; the N/V added ⅜ to £19½. Reckitt and Colman, interim results due early next month, put on 6 in sympathy to 302p. Other miscellaneous industrial leaders passed a quiet session and closed mixed. Boots lost 4 at 241p and Reed International 3 to 283p but Turner and Newall edged forward a penny to 92p. Elsewhere, Ofrex were marked up 10 to match the increased cash offer of 190p per share from Gallaher.

Reflecting the encouraging annual report, Siebe Gorman rose 7 to 190p, while Sharna Ware added 4 to 144p on an investment recommendation. Friedland Doggart appreciated 9 to 105p, Office and Electronic 10 to 420p and Johnson Cleaners 5 to 254p, the last-named awaiting today's interim results. Dufay Bitumastic hardened a penny to 44p on the interim statement.

The chairman's reported denial of counter-bid rumours saw Letraset drift to 118p before a close of 2 down on balance at 121p. Hoover A remained friendless at 100p, down 5.

The Property leaders gave ground for want of support. Following the annual report and accounts, Stock Conversion shed 8 to 360p. Land Securities closed a couple of pence off at 338p, after 334p and Great Portland Estates eased a similar amount to 244p, after 240p. Elsewhere, Churchbury Estates advanced 10 to 735p and Federated Land put on 7 to 140p.

Oils quietly dull

Oils traded on a quietly dull note pending the outcome of the OPEC meeting. BP finished 6 cheaper at 330p and Shell, also awaiting tomorrow's half-yearly statement, gave up 4 to 410p. *Against the trend, Tricentrol* were supported and put on 10 to 302p. Among the more speculative issues, Berkeley fell 11 to 362p and Clyde 7 to 170p, while International Petroleum ended 15 cheaper at 285p.

Among Financials, Centreway Trust, a dull market since the announcement of the full-year loss and reduced dividend, rallied 10 to 115p. Fashion and General added 5 to 265p.

Interest in Textiles was mainly directed to speculative counters. Sirdar returned to the fore and advanced 8 to 212p, while gains of around 5 were seen in Yorklyde, 275p, and Nova Jersey, 86p. In contrast, A. J. Worthington fell 2 to 16p, after 15p, following the full-year deficit.

Golds race ahead

The sharp fall in the dollar and consequent rise in the bullion price caught the gold share market on the wrong foot.

Share prices were marked up sharply at the outset and raced ahead for most of the day as persistent, although only modest, buying interest found the market short of stock.

The Gold Mines index responded with a jump of 18.1 to 386.4—its highest since January 9.

In the heavyweights, gains of a point and more were common to Winkelhaak, at a 1981 high of £17¾, Libanon, at a 1981 high of 10⅞, President Brand, £22⅝ and St. Helena, £19⅝, while the medium and lower-priced issues showed Unisel 39 up at a year's high of 505p and ERGO 33 ahead at a high of 477p.

Financials were again featured by Rio Tinto-Zinc which moved erratically in heavy two-way trading before settling a net 5 cheaper at 600p, after extremes of 585p and 605p. Other London Financials were easier with falls of 7 common to Charter, 268p, and Gold Fields, 525p.

South African Financials were boosted by the strong gains in Golds. GFSA rose a point to a 1981 high of £42⅝ in the wake of the increased full-year profits and final dividend. Other good gains in the sector included UC Investments, 35 up at a high of 650p.

De Beers were active and persistently bought by arbitrage operators prior to falling sharply in the after-hours' dealings to close a net 8 cheaper at 407p, after a year's high of 422p, ahead of the lower half-year earnings and unchanged interim dividend.

The Australian market moved narrowly as the Federal Budget proved something of an anti-climax. The leaders initially edged higher but ran into profit-taking which left the majority showing minor losses on the day. CRA ended 6 off at 262p and Western Mining dipped 4 to 316p but MIM Holdings managed to retain a marginal rise at 276p.

FINANCIAL TIMES STOCK INDICES

	Aug. 18	Aug. 17	Aug. 14	Aug. 13	Aug. 12	Aug. 11	A year ago
Government Secs	65.18	65.24	64.91	64.98	65.09	64.66	69.07
Fixed Interest	66.49	66.29	66.23	66.04	65.94	65.67	70.65
Industrial Ord	567.1	572.9	572.5	561.4	567.0	556.6	488.1
Gold Mines	386.4	368.3	371.2	361.1	359.1	341.8	567.9
Ord. Div. Yield	5.29	5.25	5.25	5.35	5.30	5.69	7.42
Earnings, Yld. %(full)	9.24	9.18	9.15	9.33	10.13	10.34	17.43
P/E Ratio (net) (*)	14.11	14.22	14.27	13.99	12.56	12.30	6.93
Total bargains	18,003	17,346	22,018	20,091	16,701	20,210	13,408
Equity turnover £m.	—	123.76	148.46	138.69	146.88	156.29	108.85
Equity bargains	—	14,005	14,969	15,650	15,607	15,584	17,434

10 am 568.7. 11 am 567.8. Noon 569.6. 1 pm 571.9.
2 pm 572.2. 3 pm 571.5.
Latest index 01-246 8026.
Nil=12.69

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/8)	63.12 (21/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/8)	65.36 (21/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 17	Aug. 14
—Daily		
Gilt Edged Bargains	165.1	157.5
Equities Bargains	90.7	94.4
Value	250.1	300.1
5-day Avrge.		
Gilt-Edged Bargains	179.9	186.2
Equities Bargains	97.7	97.1
Value	288.5	287.3

NEW HIGHS AND LOWS FOR 1981

NEW HIGHS (105)
COMMONWEALTH & AFRICAN LOANS (1)
BEERS (4)
BUILDINGS (9)
CHEMICALS (3)
DRAPERY & STORES (2)
ELECTRICALS (11)
ENGINEERING (2)
FOODS (4)
INDUSTRIALS (17)
INSURANCE (4)
LEISURE (1)
MOTORS (2)
NEWSPAPERS (1)
PAPER (1)
PROPERTY (2)
SOUTH AFRICANS (4)
TEXTILES (4)
TRUSTS (10)
OVERSEAS TRADERS (1)
MINES (22)
NEW LOWS (12)
AMERICANS (2)
Burroughs Corp.
TRW Inc.
ELECTRICALS (1)
Norsk Data
INDUSTRIALS (4)
Christies Intl.
Hoover A
Kalamazoo
Wood & Sons
TRUSTS (1)
M&G 2nd Dual Inc
RUBBERS (2)
Kuala Kepong
London Sumatra
MINES (2)
Westmex
Anglo-Dominion

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	15	75
Corps. Dom. & Foreign Bonds	18	4	47
Industrials	176	313	888
Financial and Props.	52	189	261
Oils	7	49	43
Plantations	—	8	15
Mines	70	24	72
Others	16	100	92
Totals	342	702	1,493

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BICC	282	—	Reckitt and Colman	302	+6
De Beers Defd	407	−8	RTZ	600	−5
Grand Metropolitan	218	−1	Tricentrol	302	+10
Letraset	121	−2	Unilever	650	+25
Lloyds Bank	418	−4	Willis Faber	380	−12
Plessey	390	—	Winkelhaak	£17¾	+1¼

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
RTZ	18	605	−28	Ultramar	12	526	−10
GEC	15	797	−6	Unilever	12	625	+15
BTR	14	372	−4	Barclays Bk	10	470	—
Royal Ins	14	417	+5	BP	10	336	−2
Northgate Ex	13	490	+90	Horizon Travel	10	287	−7
Sun Life	13	314	+2	Legal and Gen	10	260	+1
Bowater	12	271	+7	Prudential	10	250	+1

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug 17	Aug 28	Nov 19	Nov 30
Sept 7	Sept 18	Dec 3	Dec 14
Sept 21	Oct 2	Dec 17	Dec 28

For rate indications see end of Share Information Service

Stocks favoured for the call included NCC, Dunlop, Double Eagle, Lasmo, Zambia Copper, Charterhall, F. H. Lloyd, Lonrho, British Benzol, United Biscuits, RTZ and Feb International. Puts were taken out in BP, MEPC, Lucas and New Throgmorton Warrants, while doubles were arranged in Royal Bank of Scotland, BP and RTZ.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Aug. 18 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Aug. 17 Index No.	Fri., Aug. 14 Index No.	Thur., Aug. 13 Index No.	Wed., Aug. 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	374.76	−0.4	9.44	4.13	13.14	376.33	375.63	370.54	371.16	281.48
2	Building Materials (25)	323.82	−0.5	11.48	5.24	10.71	325.45	323.12	321.27	321.49	257.08
3	Contracting, Construction (28)	587.51	−0.2	16.33	4.83	7.11	588.50	584.16	576.20	572.39	416.52
4	Electricals (30)	1249.73	+0.1	7.27	2.21	16.80	1248.45	1251.96	1225.26	1234.33	832.16
5	Engineering Contractors (10)	503.69	−1.0	12.40	5.41	9.63	508.73	511.01	509.95	508.45	331.95
6	Mechanical Engineering (69)	214.00	−1.0	11.28	5.33	11.43	216.24	214.88	213.72	213.53	180.96
8	Metals and Metal Forming (13)	170.11	−1.7	9.35	6.98	14.03	173.03	171.77	170.48	167.92	165.48
9	Motors (21)	104.84	−1.0	1.63	6.60	—	105.85	104.87	103.41	104.67	101.40
10	Other Industrial Materials (18)	402.66	−0.5	8.98	4.98	13.35	404.66	405.13	399.77	399.08	0.00
21	CONSUMER GROUP (195)	295.13	−0.4	11.66	5.43	10.59	296.18	295.05	290.90	292.73	237.74
22	Brewers and Distillers (20)	315.85	−0.6	14.09	6.11	8.51	317.84	317.66	312.97	317.25	290.45
25	Food Manufacturing (21)	276.29	+1.2	14.09	6.03	8.54	273.12	271.20	268.32	268.78	215.69
26	Food Retailing (14)	568.50	—	8.66	3.14	13.76	568.43	568.44	559.21	560.36	354.17
27	Health and Household Products (7)	363.50	+0.1	7.64	4.05	15.59	363.12	360.86	352.92	357.27	233.24
29	Leisure (22)	472.34	−0.3	8.73	4.53	14.23	473.99	476.41	467.81	468.55	338.70
32	Newspapers, Publishing (12)	499.60	−0.6	12.46	5.97	11.42	502.74	501.84	500.75	501.20	437.10
33	Packaging and Paper (13)	155.55	−0.2	13.50	6.81	8.80	155.88	152.84	152.45	152.12	130.05
34	Stores (44)	273.62	−1.2	10.61	4.88	12.57	276.83	276.04	271.21	273.18	235.33
35	Textiles (23)	166.66	−0.9	7.11	5.48	20.14	168.14	164.97	164.82	164.76	123.46
36	Tobaccos (3)	265.97	−1.1	19.10	9.38	6.14	268.94	267.65	266.63	268.70	226.67
39	Other Consumer (16)	288.53	−0.2	4.53	5.85	53.27	289.18	289.17	287.63	287.73	0.00
41	OTHER GROUPS (79)	238.03	—	9.66	6.01	13.54	238.00	237.18	233.98	235.06	227.27
42	Chemicals (15)	302.57	−0.1	4.49	6.00	42.71	302.90	302.01	293.98	297.39	316.03
44	Office Equipment (6)	116.15	−0.1	14.22	7.08	8.47	116.24	116.01	116.01	117.11	107.42
45	Shipping and Transport (13)	540.26	+0.5	15.28	7.05	7.77	537.40	540.79	538.16	538.53	610.45
46	Miscellaneous (45)	311.57	—	12.49	5.41	9.84	311.59	309.19	307.72	306.76	282.19
49	INDUSTRIAL GROUP (488)	314.17	−0.3	10.56	5.01	11.78	315.22	314.27	309.94	311.28	253.63
51	Oils (12)	776.50	−1.4	21.70	7.41	5.12	787.15	794.48	795.85	791.07	793.89
59	500 SHARE INDEX	351.58	−0.5	12.50	5.43	9.60	353.39	353.09	349.19	350.05	296.48
61	FINANCIAL GROUP (118)	276.72	−0.7	—	5.40	—	278.67	278.13	275.20	275.44	235.80
62	Banks (6)	281.74	−1.4	31.62	6.66	3.72	285.76	285.61	284.46	282.88	237.80
63	Discount Houses (10)	272.29	+0.1	—	8.28	—	272.01	268.83	268.79	267.78	284.49
64	Hire Purchase (3)	259.33	−0.3	11.81	7.01	11.72	260.21	260.76	261.69	260.21	218.10
65	Insurance (Life) (10)	289.67	−1.0	—	5.23	—	292.72	289.83	282.05	283.73	239.86
66	Insurance (Composite) (9)	185.23	−0.2	—	7.06	—	185.60	185.65	181.54	183.53	162.22
67	Insurance Brokers (8)	428.87	−1.6	10.38	5.41	13.07	436.01	438.04	432.87	429.98	336.00
68	Merchant Banks (13)	173.50	−0.2	—	4.90	—	173.91	174.14	174.38	173.94	137.86
69	Property (49)	493.94	−0.3	3.78	2.84	36.11	495.32	493.91	491.13	491.23	442.56
70	Miscellaneous (10)	185.39	−0.6	17.28	5.71	7.04	186.44	186.13	186.99	186.13	143.93
71	Investment Trusts (109)	329.48	−1.0	—	4.84	—	332.90	330.62	329.55	327.26	263.37
81	Mining Finance (3)	284.60	−1.2	12.37	4.80	9.52	288.01	296.26	289.57	283.92	245.29
91	Overseas Traders (20)	434.18	−0.9	10.76	6.84	11.86	437.91	437.76	436.97	433.15	430.82
99	ALL-SHARE INDEX (750)	336.60	−0.6	—	5.39	—	338.64	338.45	334.86	335.10	284.69

FIXED INTEREST

	PRICE INDICES	Tues., Aug. 18	Day's change %	Mon., Aug. 17	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.57	−0.04	106.62	—	7.53
2	5-15 years	104.18	−0.02	104.20	—	8.60
3	Over 15 years	106.69	+0.01	106.68	—	8.55
4	Irredeemables	116.22	—	116.22	—	7.43
5	All Stocks	105.48	−0.02	105.50	—	8.17
6	Debentures & Loans	82.25	+0.47	81.87	—	7.03
7	Preference	62.15	+0.35	61.93	—	5.10

	AVERAGE GROSS REDEMPTION YIELDS		Tues., Aug. 18	Mon., Aug. 17	Year ago (approx.)
	British Government				
1	Low	5 years	12.48	12.37	12.11
2	Coupons	15 years	13.04	13.03	12.11
3		25 years	13.26	13.27	12.11
4	Medium	5 years	14.60	14.57	13.47
5	Coupons	15 years	15.01	15.01	13.42
6		25 years	14.57	14.57	13.38
7	High	5 years	14.54	14.50	13.61
8	Coupons	15 years	15.20	15.20	13.80
9		25 years	14.84	14.83	13.64
10	Irredeemables †		12.87	12.87	11.53
11	Debs & Loans	5 years	15.54	15.62	14.30
12		15 years	15.77	15.86	14.16
13		25 years	15.82	15.93	14.02
14	Preference †		15.86	15.92	14.50

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
153	F.P.	21/8	172	152	✱Aerospace Eng.	160	......	bd7.8	1.4	6.7	14.8
64	F.P.	5/9	63	60½	East of Scot. Onshore	61	−1	g0.83	—	2.0	—
[illegible]	F.P.	—	25	17	††Energy Sources	17	−1	—	—	—	—
52	F.P.	24/9	87	75	✱Fleet St. Letter. 5p.	85	−2	u2.5	1.9	4.2	17.9
140	F.P.	16/10	140	130	Hamilton Oil G.B.	137	−1	u1.0	18.4	1.0	7.4
—	F.P.	14/8	7	6	Hartons 5p.	7	......	—	—	—	—
§10	F.P.	—	22	17	✱ICC Oil services	20	......	—	—	—	30.6
25	F.P.	18/9	28	27	JapanAssetsTrust 10p	27½	......	—	—	—	—
§51	F.P.	20/7	69	61	✱Microfilm Repro.	52	......	b2.6	1.4	5.8	17.9
[illegible]	F.P.	20/8	125	120	✱Newcourt Oil	120	......	—	—	—	—
100	F.P.	—	103	98	✱Ramus	101	......	gd5.0	2.1	7.1	7.8
83	F.P.	17/7	90	70	✱Stanelco	83	+5	—	—	—	25.4
§155	F.P.	5/8	205	190	✱Star Computer	202	......	2.0	4.3	1.4	21.1
—	F.P.	18/9	14	10	Stewart Ent. Warrs.	14	......	—	—	—	—
92	F.P.	28/8	120	114	St'ckhold'rsF.E.Inv Sl	116	......	—	—	—	—
66	F.P.	7/9	82	75	✱Thorpac	82	......	b1.82	3.7	3.2	10.8
100	F.P.	15/7	104	95	Utd.Comp.&Tech. 50p	101	+2	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
—	F.P.	6/7	110	102	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	108	......
100 ‖	F.P.	7/8	112¼	97½	Chloride 7½% Conv. Prf.	101½	+1
¶	£10	—	10¼	9⅞	East Surrey Water 10% Prf. 1986	10¼	......
100 ‖	Nil	28/8	9pm	6pm	Hanson Trust 9½% Cv. Uns. Ln. 2000-6	7pm	−1
98½	£25	12/11	25¾	24½	Inco 15¾% Uns. Ln. 2006	25½	......
100 ‖	F.P.	12/8	124½	110½	Jones (Edward) 15% Cnv. Uns. Ln. '96-98	119	......

"RIGHTS" OFFERS

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029

HS Channel Is. Fd.	156.6	166.9	......	3.25
H.S. Fxd. Int. Fd.	85.0	90.0	+2.0	14.00
H.S. Intnl. Gth. Fnd.	120.4	127.8	......	—

Box 2622, Berne, Switzerland. Telex 33425.

H.S. Overseas Fd.	US$24.21	25.18	−0.20	—
CSF Fd. (Acc.)	SF18.95	19.32	−0.06	—
Crossbow Fd.	SF7.62	7.75	−0.01	—

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

O.C. America Fd.†	US$2.63	2.79	......	0.61
OCSm. Co.***	129.5	137.7	......	2.40
O.C. Commodity*	103.4	110.0	......	6.55
O.C. Dir.Comdty.†	US$42.39	44.93	......	2.14
O.C. Hong Kg. Fd.††	HK$43.56	46.33	......	—
O.C. Sterling Fd.***	£14.030		+0.005	—

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Tst. Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.(a)(c)

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co., Ltd. (a)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.(a)(c)(g)

The British Life Office Ltd (a)

Brown Shipley & Co. Ltd. (a)(g)

Buckmaster Management Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers(a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd (a) (g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. (a) (b) (c)

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd. (a)

Key Fund Managers Ltd. (a) (g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngemnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g) (z)

Rowan Unit Trust Mngt. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Widows' Fund Management

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Insurance Group

Swiss Life Pen. Tst. Man. Co. Ltd.

Target Tst. Mngrs. Ltd. (a) (g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Group

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Assur. Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Pensions Management Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions(a)(b)(c)

Vanbrugh Life Assurance Ltd.

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

C.A.L. Investments (IoM) Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Chartered Trust Management Co.

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OIL AND GAS—Continued

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Eastern Rand

Far West Rand

O.F.S.

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Central African

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Tins

Copper

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
25½	14	Burma Mines 10p	23	.....	0.75	6.9	5.4
330	180	Coltzy Res. Corp.	225	−5	—	—	—
500	200	Cons. Murch. 10c	500	.....	050c	1.3	9.7
8½	6	††Exploura Gold	8½	.....	—	—	—
93	55	††Hemerdon 10c	65	.....	—	—	—
180	110	Highwood Res.	120	−10	—	—	—
505	320	Northgate C$1	505	+25	—	—	—
633	372	R.T.Z.	632	−5	15.0	3.2	3.8
£150½	295½	[illegible]	£150½	.....	[illegible]	—	17.3
103	52	††SFO Minerals 10p	52	.....	—	—	—
47	22	Sabina Inds. C$1	37	+3	—	—	—
44	26	††SWCM 10p	35	+2	—	—	—
580	465	Tara Exptn. $1	575	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ♯ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- & Not comparable
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value

◆◆ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ¢¢ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	25	.....	Conv. 9% '80/82	£92¼	.....
Bertam	10	.....	Nat. 9¾% 84/89	£69½	+½
Bdg'wtr Est. 50p	479	.....	Fin. 13% 97/02	£89¼	+¼
Craig & Rose £1	435	.....	Alliance Gas	67	+2
Finlay Pkg. 5p	21	.....	Arnott	220	.....
Graig Ship £1	150	.....	Carroll (P.J.)	82	.....
Higsons Brew	80	+1	Concrete Prods	87	.....
Holt (Jos) 25p	335	.....	Heiton (Hldgs.)	29xd	.....
I.O.M. Stm. £1	167	.....	Irish Ropes	42	.....
Pearce (C. H.)	525	.....	Jacob	65	.....
Peel Hldgs	100	.....	T.M.G.	15	.....
Sheff. Refrshmt	93xd	.....	Unidare	63xd	.....
Sindall (Wm.)	394	.....			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl	11	I.C.I.	25	Vickers	15
B.S.R.	7	"Imps"	7	Woolworths	5
Babcock	11	I.C.L.	6	**Property**	
Barclays Bank	36	Ladbroke	30	Brit. Land	9
Beecham	20	Legal & Gen.	20	Cap. Counties	12
Blue Circle	25	Lex Service	10	Land Secs.	37
Boots	20	Lloyds Bank	22	MEPC	30
Bowaters	14	"Lots"	4½	Peachey	15
Brit. Aerospace	27	London Brick	7	Samuel Props.	12
B.A.T	25	Lucas Inds.	18	Town & City	2¼
Brown (J.)	9	"Mams"	20	**Oils**	
Burton Ord.	16	Mrks. & Spncr.	11	Brit. Petroleum	33
Cadburys	7½	Midland Bank	25	Burmah Oil	14
Courtaulds	7	N.E.I.	5	Charterhall	5
Debenhams	10	Nat. West. Bank	52	KCA	22
Distillers	17	P & O Dfd.	11	Premier	7½
Dunlop	6½	Plessey	25	Shell	38
Eagle Star	25	Racal Elect.	34	Tricentrol	30
F.N.F.C.	5	R.H.M.	5	Ultramar	60
Gen. Accident	30	Rank Org. Ord.	22	**Mines**	
Gen. Electric	60	Reed Intl.	25	Charter Cons.	22
Glaxo	28	Sears	5	Cons. Gold	45
Grand Met.	20	Tesco	5½	Lonrho	9
G.U.S. "A"	44	Thorn EMI	50	Rio T. Zinc	45
Guardian	30	Trust Houses	15		
G.K.N.	15	Tube Invest.	30		
Hawker Sidd	25	Turner & Newall	20		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 25

FINANCIAL TIMES
Wednesday August 19 1981

Bonn urges Poland to rejoin IMF

BY ROGER BOYES IN BAD REICHENHALL, WEST GERMANY

WEST GERMANY, Poland's largest official creditor, yesterday urged Warsaw to apply to rejoin the International Monetary Fund and stressed that this would allow the West to increase its aid.

Mr Josef Czyrek, Poland's Foreign Minister, said after talks with Herr Hans Dietrich Genscher, his West German counterpart, that the Polish Government had not yet made a decision on IMF membership, but that one would be made soon. The statement came after a day of discussions between the two Ministers in the Bavarian village of Bad Reichenhall, near the Austro-German border.

Herr Genscher is understood to have outlined to Mr Czyrek problems faced by West Germany, France, Italy, Switzerland, and the UK in their attempts to arrange a $500m (£273.4m) short-term bridging loan for Poland.

He stressed that the major goal was to restore private banking confidence in Poland. IMF membership would, in Bonn's view, be one way of winning back such confidence.

However, Herr Genscher was careful to emphasise that Bonn was not putting pressure on Poland and that the decision to rejoin the IMF lay with the Polish Government.

For Poland, one of the principal problems about rejoining the IMF, from which it resigned in 1950, is the attitude of the Soviet Union. Moscow has traditionally feared the prospect of the West gaining a formal foothold in Poland's economy—Poland is already in debt some $27bn to the West. Recent statements from Poland, however, have indicated Warsaw's belief that Moscow may be prepared to soften its line, and Herr Genscher also suggested as much.

Mr Czyrek made it clear that Warsaw's dilemma is that as a Comecon member it is "in a different economic organisation and alliance."

But he refused to say whether IMF membership was discussed during the recent meeting of Soviet and Polish leaders in the Crimea.

It was reported from Washington that Poland had asked the fund to sit in as an observer at a meeting in Paris next month with Poland's main creditor nations.

Mr Czyrek made it clear that Poland was grateful to the Soviet Union for its latest offer of material assistance and the suspension of debt repayment until 1985, though he was unable to specify the terms of this agreement, which remain mysterious.

During his visit to Paris on Monday, Mr Czyrek received a promise of continued aid from France, which seems to be setting the pace for aid donors within the European Community.

● The 460 private banks owed money by Warsaw have been discussing ways of rescheduling part of the Polish debt. The task force representing the banks—German banks are among the largest creditors—has proposed a seven-year rescheduling plan for the $3.1bn falling due in the last three-quarters of the year.

However, Poland appears to be concerned that the banks' demand for a programme of economic reform could amount to interference in the Polish economy and has failed to respond to their proposals.

Herr Genscher said yesterday that Bonn would probably decide on its part in the proposed five-nation bridging loan of $500m in September.

West German and other European officials have recently travelled to Warsaw to discuss ways of implementing a recent decision by Western governments to reschedule some $2.3bn of loan capital and interest.

● West Germany and other European Community countries are contributing towards a $587m food-aid programme for Poland. Poland is to be sold food at 15 per cent below world market prices, the remaining 85 per cent being financed by export credits. It appears that West Germany will be able to come up with the requisite credit guarantees.

Printers strike; No reply on rescheduling, Page 2

De Beers profits off 45%

By Kenneth Marston, Mining Editor

SOUTH AFRICA's De Beers Consolidated Mines, the world's biggest diamond mining company, has suffered a 45 per cent fall in its pre-tax profits to R293.5m (£170.6m) for the first half of this year.

This reflects the weakness of world demand for diamonds which stems from high interest rates and the general economic recession. To make matters worse, sales of rough (uncut) diamonds produced by De Beers and others have suffered from the previous build-up of stocks in the hands of the cutting and polishing trade.

The larger and higher quality polished gems, often bought for investment purposes, have been particularly hit by high interest rates. A highest-quality gem which would have fetched about $63,000 early last year now sells for only about half this amount.

But there are some optimistic signs. Jewellers report that demand is picking up for the smaller and cheaper diamond goods. The cutting and polishing trade in Bombay, which specialises in tiny diamonds, is doing well.

Hopes of a pick-up in diamond demand by the end of this year, however, were not reflected in the share market yesterday.

Although the interim dividend is being maintained at 25 cents, shares of De Beers tumbled from a year's high of 422p to 407p on selling which came largely from the U.S.

Mining news, Page 15

Slump tails off but no revival yet

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ECONOMIC ACTIVITY in the UK fell slightly in the early summer but has now probably levelled off.

Central Statistical Office figures published yesterday show that real Gross Domestic Product based on output data, the best short-term measure of activity, dropped by a further 0.4 per cent between the first and second quarters of this year.

Between April and June the index is estimated at 103.4 (at constant prices, with 1975=100 and seasonally adjusted).

The second quarter decline was much smaller than the average decline last year, and suggests that activity began to flatten out in the late spring and early summer.

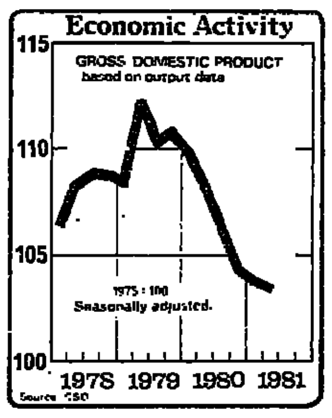
Recent evidence from the industrial production figures and from business opinion surveys confirms that the worst of the recession is probably over.

There remains, however, no sign of any general revival of activity, though some sectors such as chemicals and metals have picked up.

The big uncertainty is about the pattern of output in the rest of this year. The Paris-based Organisation for Economic Co-operation and Development last week forecast a decline in real gross domestic product of ¾ per cent at an annual rate between the first and second halves of this year.

The recent comments of Treasury Ministers about the end of the fall in output imply official projections of a flat trend in the coming months.

In the April-June quarter industrial production declined marginally compared with the previous three months, largely because of a fall in activity in the oil and construction industries. Total manufacturing output was broadly unchanged, possibly because of a slowdown in the scale of destocking.



There was little change in the level of activity in the distributive trades but there was some fall in transport and other services.

Despite the signs of a flattening out of the recession gross domestic product in the second quarter was still 4.4 per cent lower than a year earlier.

On a longer-term comparison gross domestic product in the first half of this year was more than 6 per cent lower than in the first six months of 1979.

The latest figures are subject to revision when later information based on expenditure and income data becomes available. Yesterday's estimate is more than usually provisional because of the civil service dispute which has prevented publication of export and import data.

Harrison asks for U-turn, Page 6

Provident Life rejects Winterthur bid

BY ERIC SHORT

PROVIDENT LIFE Association of London yesterday rejected the plan by Winterthur Swiss Insurance to acquire control of the company.

On Monday, Winterthur, a leading Swiss insurance company, bid 320p a share in cash for the 74.54 per cent of Provident Life which it does not own.

The bid valued the whole of Provident at £15.2m. Winterthur said that the offer would not be increased.

Provident Life is controlled by Mr John Profumo, the former Tory Minister, and other members of the Profumo family, who between them account for about 40 per cent of the equity.

The Provident Life board said that the Winterthur offer was inadequate and not in the shareholders' interests. Dr H. R. Studer, Winterthur's representative on the board, did not take part in discussions on the proposal.

Provident will publish detailed reasons for its rejection after the formal offer documents have been sent by Winterthur.

Mr Reginald Crabbe, chairman of Provident Life, said the market had consistently undervalued the shares of life companies, including his own.

He was not prepared to indicate what he considered a realistic value or to state in advance of the formal rejection document whether the company was considering increasing future dividend payments.

Provident Life's board "saw no reason why it should not expect to see other companies expressing interest" in the company, said Mr Crabbe, adding that the board felt it must not close the door to other possibilities.

Dr Silvio Calflisch, manager of Winterthur's overseas operations, said in London yesterday that he was disappointed by Provident's rejection, as Winterthur was offering "a good price" for the group.

Under the Stock Exchange takeover rules Winterthur cannot increase its offer unless there is another bidder. Dr Calflisch said that the offer would go ahead as planned, and though Winterthur would prefer 100 per cent acceptances, it was prepared to proceed with a simple majority.

Provident's share price closed last night at 338p, up 8p on the day and 18p above the offer, fuelling speculation on a counter-offer. The shares closed at 216p on Friday, before Winterthur's announcement.

THE LEX COLUMN

De Beers' diamonds no longer trumps

Index fell 5.8 to 567.1

Opportunities for round-tripping abounded in the money markets yesterday — corporate customers could borrow on overdraft and lend in the markets for a week at a profit, or draw one month bills and lend the money back to a bank. The Bank of England bought out the money market shortage aggressively, giving handsome profits to the discount houses on the way; it will certainly be anxious to prevent any mischief today, the last banking make-up day before the new system of monetary control comes into play.

De Beers

A collapse in De Beers' diamond account has dragged pre-tax profits down 45.5 per cent to R293.5m in the half year to June and even accounting for the Anglo-American stake on an equity basis has done little to repair the damage.

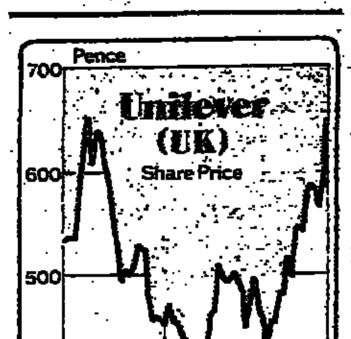
Diamond sales were down around 40 per cent in value terms compared with a cut-back in De Beers' own production of only about 5 per cent. Since the company is principally selling stock from outside producers, to mitigate its tax liability, the build-up of stocks from its own mines must be alarming.

Retail demand is now showing a slight recovery, but the impact will not be felt on De Beers until next year at the earliest, since wholesalers and cutters are still saddled with stocks.

Higher investment income has offset De Beers' cost of stock-holding but, with the gold price still under heavy pressure the growth in dividends received may now tail off.

Minorco will contribute both franked income and equity earnings from the second half but it is not a high yielder and will do little to help De Beers cash flow. So the company must be grateful for its historically conservative dividend policy. The shares, which rose 7p to 422p at the close, fell back to 407p later as the market got wind of the figures. At that level, the price in Rand is at around its lowest for two years.

Unilever



Unilever has enjoyed its best operating margins for five years in the second quarter of 1981, and pre-tax profits are up from £162.3m to £203.0m, taking the half-year total (at end-1980 exchange rates) up from £287.0m to £364.1m. Whereas in the first quarter, adjusting for a few extra days, volume was broadly unchanged, in the second it has risen by roughly 2½ per cent.

This is made up of another strong performance in the Asian, South American and Australasian interests, where fairly rapid growth continues, and a bounce in the European consumer businesses from the low levels of April-June 1980, when profits were 10 per cent below the previous year. Industrial businesses such as packaging and chemicals remain very depressed, however.

Volume continues to hold up well, but the fall in European currencies against the dollar is beginning to push up the cost of some raw materials, particularly edible oils, and petrochemicals for the detergent side. So there may be some pressure on margins in the European consumer businesses — the restoration of which has been one of Unilever's principal strategic aims — unless the group can push its prices up.

Still, at present exchange rates—which would confer a small positive adjustment to the group figures—1981 pre-tax profits should turn out a good £100m above last year's £572m. Unless sterling falls against the guilder there may not be room for a generous dividend increase, but at the very least the payout should get back to the 1979 level, which gives a yield of 5¼ per cent at 650p, up 25p yesterday.

Australia

The Australian budget is a conservative affair, and as such will give fresh heart to foreign investors. The prime objective is to contain inflation in the face of mounting wage pressure and high foreign capital inflows, and to sustain growth in the private sector where fixed investment rose by more than 20 per cent last year in real terms.

To achieve this, the underlying increase in Government spending this year is to be held at less than 1 per cent in real terms, and there are very few tax handouts. As a result the overall budget deficit is expected to fall to just 0.1 per cent of gross domestic product — a far cry from the peak of 4.9 per cent in 1975-76.

This restrictive strategy may cut real growth in the non-farm sector from about 4 per cent in 1980-81 to perhaps 3 or 3½ per cent this year. But the Treasury says that its figures square with a rise of about 2 per cent in employment and real growth in wages of nearly 3 per cent.

The budget should significantly reduce the total public sector requirement for new loans. This will help to check the rising trend in Australian interest rates, although any actual fall seems unlikely for some time. On the corporate front, the tax adjustments are relatively minor and unlikely to cause much excitement on the stock market.

At the same time the indirect tax base is being increased through adjustments to the sales tax, and with a view to the next election the Treasurer has his eyes on the scope for income tax cuts in a year or so. It is the kind of strategy that must make poor Sir Geoffrey Howe weep with envy.

Ofrex

The last two bids for Ofrex have come from the same contender, Gallaher, which has felt constrained to push its offer up from 175p to 190p even though Dennison's latest price was a mere 170p. Gallaher has been disappointed with the response in the market up to now and has been raising the price differential to counter the benefit enjoyed by Dennison of the Ofrex Board's blessing. Nevertheless, the small size of its own 14¼ per cent holding, set against the 43.3 per cent committed to Dennison, means Gallaher has little chance of winning by open market purchases. Perhaps half the outstanding shares are held by insurance companies which will wait to see the rival offer documents.

So now that Gallaher has announced a final offer, the initiative lies with Dennison. It can sell out to Gallaher for a £3m profit, or raise its price enough to tease out that extra 7 per cent or so that would give control.

Weather

UK TODAY

S. Wales, S. England dry with sunny periods. Elsewhere rainy.

S. England, Midlands, S. Wales, Channel Islands
Dry, sunny periods. Max. 22C (72F).

N. England, N. Wales, S.W. Scotland, Glasgow, Isle of Man, N. Ireland.
Cloudy, rain or drizzle. Max. 20C (68F).

S., E., Scotland, Central Highlands.
Bright at first, cloudy with rain later. Max. 18C (68F).

N. Scotland, Orkney, Shetland
Outbreaks of rain becoming showery. Max. 16C (61F).

Outlook: Cool with showers in the N. and E. Elsewhere dry, sunny spells.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	26	79	L. Ang†	C	21	70
Algiers	S	28	82	Luxmbg.	F	19	66
Amsdm.	F	22	72	Luxor	S	42	108
Athens	F	29	84	Madrid	S	31	88
Bahrain	F	35	97	Majorca	S	28	82
Barclna.	F	27	81	Malaga	S	28	82
Beirut	S	29	84	Malta	S	31	88
Belfast	C	15	59	M'chstr.	C	18	64
Belgrd.	C	18	64	Melbne	C	14	57
Berlin	C	18	64	Mx. C†	—	—	—
Biarritz	S	25	77	Miami†	R	23	73
Bmghm.	C	20	68	Milan	S	25	77
Blackpl.	R	16	61	Montrl†	F	15	59
Bordx	S	25	77	Moscow	C	20	68
Boulgn.	F	13	55	Munich	F	19	66
Bristol	C	19	66	Nairobi	F	25	77
Brussels	S	21	70	Naples	F	29	84
Budpst.	S	22	72	Nassau		—	—
Cairo		—	—	Nwcstl	F	19	66
Cardiff	C	19	66	N York†	S	19	66
Cas'b'ca		—	—	Nice	S	27	81
Cape T		—	—	Nicosia		—	—
Chicago†		—	—	Oporto	C	19	66
Cologne	S	18	64	Oslo	C	18	64
Cpnhgn.	C	18	64	Paris	S	21	70
Corfu		—	—	Perth	C	15	59
Denver†	C	14	57	Prague	C	18	64
Dublin	C	18	64	Reykjvk.	C	10	50
Dbrvnk.	F	28	82	Rhodes	S	26	79
Ednbgh.	F	19	66	Rio J'o†		—	—
Faro	S	25	77	Rome	F	29	84
Florence	S	28	82	Salzbrg.	C	21	70
Frankft.	F	18	64	S'Frsco†	R	13	55
Funchal	S	22	72	S. Moritz		—	—
Geneva	S	22	72	Singapr.		—	—
Gibraltar	S	29	84	S'tiago†		—	—
Glasgow	C	17	63	Stckhm.	C	17	63
G'rnsey	S	18	64	Strasbg.	S	20	68
Helsinki	F	16	61	Sydney	S	18	64
H. Kong	F	31	88	Tangier	S	26	79
Innsbrk.	S	25	66	Tel Aviv	S	30	86
Invrness	R	15	59	Tenerife	C	29	84
I. o. Man		—	—	Tokyo	F	27	81
Istanbul	F	28	82	Toronto†	S	12	54
Jersey	F	21	70	Tunis	S	32	90
Jo'burg		—	—	Valencia	F	28	82
L. Plms.	C	28	82	Venice	S	23	73
Lisbon	S	24	75	Vienna	S	20	68
Locarno	S	23	73	Warsaw	F	18	64
London	F	23	73	Zurich	S	20	68

C—Cloudy, F—Fair, R—Rain, S—Sunny. † Noon GMT temperatures.

Acas talks aim to avert strike

BY JOHN LLOYD

BRITISH RAIL and the three rail unions were brought together for the first time in more than two weeks at the invitation of the Advisory, Conciliation and Arbitration Service yesterday.

Both Mr Cliff Rose, the board member for industrial relations, and Mr Ray Buckton, general secretary of the train drivers union Aslef, said before the meeting that they hoped Acas would resolve the dispute.

Mr Sid Weighell, general secretary of the largest rail union, the National Union of Railwaymen, said there were considerable problems to be overcome.

Earlier, leaders of the "triple alliance" — the grouping of coal, rail and steel unions — pledged their support to the railwaymen in the event of a strike from midnight on August 30.

Mr. Lawrence Daly, general secretary of the National Union of Mineworkers, told Mr Weighell: "No coal normally moved by rail will be moved by any other form of transport."

In a separate meeting with Mr Weighell, Mr Bill Sirs, general secretary of the Iron and Steel Trades Confederation, said the union would "support the railwaymen 100 per cent"—within the law.

British Rail loss Continued from Page One

were introduced in the summer timetables.

However, more cuts are to come in the autumn, and rail fares are expected to rise in line with the current rate of inflation, now about 12 per cent. These actions will help BR cut its costs, but they cannot pull it out of its present financial crisis.

BR raised passenger fares by about 20 per cent in November last year, but passengers reacted against the rise and traffic fell away. BL expects similar reaction to a further rise in fares this November.

BR is also constrained by the Government's external finance limit of £920m, the total amount including grants it can get apart from revenue from fares and freight charges.

BR expects to overshoot this limit by £70m by the end of the financial year. The Government has been told of the trading problems, but so far no request has been made by the British Railways Board for financial aid.

This is partly because the £53m included in the finance limit to enable BR to get out of the loss-making collected and delivered parcels business, has not all been used.

Only about £20m of this has been used, leaving BR with an extra £33m to help mitigate the effects of the slump.

Cuts in services planned for the autumn are likely to include some of the different services between London stations and Scotland which overlap.

Continued from Page One

Sterling and dollar

bination of unexpectedly large tax payments (notably the clearing of cheques paying Value Added Tax held up by the Civil Service dispute); of sales of gilts on Monday; and of the unwinding of previous official assistance.

Seven-day interbank rate, a key influence on the cost of part of the clearers' deposits, had risen by more than ½ a point to 13¾ per cent. This opened the way for round-tripping by which top-quality corporate customers can draw on overdraft facilities and re-lend at a profit to the markets.

The Bank of England responded by providing assistance on an "exceptionally large" scale with the result that seven-day rates came back to close at around 13½ per cent.

The Bank clearly wants to avoid disturbances in the markets ahead of the make-up day for banking statistics today and the start of the modified monetary system tomorrow.

A further result of the shortage of liquidity was that the Bank reduced its special Treasury bill tender from £200m, as previously announced, to £100m. The bills mature on September 1. They were offered as part of the attempt to prevent massive shortages of liquidity developing on that date when very large payments of North Sea taxes are due.

Continued from Page 1

Oil price

ence whether Saudi Arabia decided to back-date its price rise or set some future date for the change in rates. A North Sea price rise would be triggered merely by a Saudi announcement.

This was one of the concessions won by BNOC, itself a major producer when it negotiated a new North Sea base price in mid-June.

Even if Saudi Arabia maintains its present price levels, North Sea rates may go up. For, in another concession won by BNOC, oil companies agreed to review price levels if Saudi Arabia reduced production levels.

Shire county rate grant may be cut

By Gareth Griffiths

THE GOVERNMENT is considering cutting local authority rate support grant allocations to the shire counties next year so that more money can be given to the large urban areas.

Mr Tom King, the Local Government Minister, has told local authority leaders that the Environment Department takes a more favourable attitude to the cities in setting the grant.

The Government previously favoured the shire counties against the metropolitan authorities in grant allocation.

A grants working party has looked at methods of grant expenditure assessments. These reflectt he Government view of how much a local authority should spend on particular services in the following year.

Since the inception of this system last year as cornerstone of the new local government funding system the big metropolitan authorities have said that it fails to take account of the more difficult social problems in the cities which need more money.

A study by the Chartered Institute of Public Finance and Accountancy to be published next month in the magazine Public Money shows how much cities have lost by the new block grant system.

There is concern in the Government that there considerable losses might be used by the councils in a propaganda war over the expected autumn battle on further cuts in council spending.

The institute's figures show that overall London authorities lost 6.5 per cent of their central government grant for this financial year, 1981-82, compared with last year.

This is equivalent to loss of £11.33 for every Londoner.

Large city areas outside London also lost out badly. Newcastle upon Tyne, Liverpool, Manchester and Birmingham all have done badly.

Table, Page 6

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